
CITY OF GALLATIN COUNCIL MEETING

August 20, 2013

6:00 pm

Dr. J. Deotha Malone
Council Chambers

- Call to Order – Mayor Jo Ann Graves
- Invocation – Pastor Woody Alderson, Cornerstone Baptist Church
- Pledge of Allegiance – Councilman Hayes
- Roll Call: Vice Mayor Alexander – Brackenbury – Camp – Hayes – Kemp – Mayberry – Overton
- Approval of Minutes: July 30, 2013 Special Called Council Meeting and the August 6, 2013 Council Meeting
- Public Recognition on Agenda Related Items
- Mayor's Comments

AGENDA

1. **Dangerous Building Show Cause Notice – 317 Rodney Avenue (Councilman Camp)**
2. **Second Reading Ordinance No. O13Ø8-42** to amend the Gallatin Municipal Code, Chapter 10, Article 1, by adding a new section 10-2, Enforcement of Ordinances in Planning Region (**Vice Mayor Alexander**)
3. **First Reading Ordinance No. O13Ø7-39** adopting the Annual Budget for the Fiscal Year beginning July 1, 2013 through June 30, 2014 (**Mayor Graves**)
4. **Resolution No. R13Ø8-35** authorizing the City of Gallatin to participate in the TML Risk Management Pool "Safety Partners" Loss Control Matching Grant Program (**Councilwoman Brackenbury**)
5. **Resolution No. O13Ø8-37** appointing Director of Human Resources and Establishing Initial Salary (**Councilman Hayes**)
6. **Resolution No. R13Ø8-38** authorizing the issuance of Water and Sewer Revenue and Tax Refunding Bonds of the City of Gallatin, Tennessee in the aggregate principal amount of not to exceed \$1,250,000, in one or more series; making provision for the issuance, sale and payment of said bonds, establishing the terms thereof and the disposition of proceeds therefrom; and providing for the pledge of water and sewer system revenues and levy of taxes for the payment of principal of, premium, if any, and interest on the bonds (**Councilwoman Kemp**)
7. **Resolution No. R13Ø8-39** authorizing the issuance of General Obligation Refunding Bonds of the City of Gallatin, Tennessee in the aggregate principal amount not to exceed \$6,500,000, in one or more series; making provision for the issuance, sale and payment of said bonds, establishing the terms thereof and the disposition of proceeds therefrom; and providing for the levy of taxes for the payment of principal of, premium, if any, and interest on the bonds (**Councilman Overton**)

- Other Business
- Public Recognition on Non-Agenda-Related Items
- Adjourn

City of Gallatin
Special-Called Council Committee Meeting

Tuesday, July 30, 2013
Dr. J. Deotha Malone Council Chambers

PRESENT:

Mayor Jo Ann Graves
Vice Mayor John D. Alexander
Councilman Ed Mayberry
Councilman Steve Camp
Councilwoman Julie Brackenbury
Councilman Craig Hayes
Councilwoman Anne Kemp
Councilman Jimmy Overton

ABSENT:

OTHERS PRESENT:

Rosemary Bates, Special Projects Director
News Examiner, Reporter

Connie Kittrell, City Recorder

Councilman Craig Hayes called the meeting to order.

Public Recognition on Agenda Item Only

Councilman Hayes opened public recognition on agenda item only.

With no one wishing to speak, public recognition was closed.

Agenda

Councilman Hayes explained this is the interview and evaluation of candidates for position of City of Gallatin Personnel Official/Human Resources Director.

The following is a list of the candidates and the order in which they were interviewed.

Special Called Council Committee Meeting
July 30, 2013

1. Regan M. Morrison
3235 St. James Road
Lexington, OH 44904
2. Brian Woodall
129 Fairfield Road
Bethpage, TN 37022
3. Ann B. Whiteside
103 Canterbury Close
Gallatin, TN 37066
4. Angela Bryant-Ware
1056 Sierra Gorda Drive
Gallatin, TN 37066
5. Amy D. Summers
1015 Roger Reese Road
Gallatin, TN 37066
6. Debbie G. Johnson
110 Bluewater Drive
Gallatin, TN 37066

All candidates gave a brief summary of their education and work experience. Council presented questions to each candidate.

The consensus of Council was to rank each candidate from most favorable to least favorable; #1. being most favorable and so on. Council directed Special Projects Director Rosemary Bates to design and deliver a ranking form to council members. Council will discuss the top ranked two or three candidates at the next scheduled committee meeting.

Adjourn

With no further business to discuss, the meeting was adjourned.

City of Gallatin City Council Meeting

August 6, 2013

The Gallatin City Council met in regular session on Tuesday, August 6, 2013, in the Dr. J. Deotha Malone Council Chambers Gallatin City Hall. Mayor Jo Ann Graves called the meeting to order at 6:00 P.M. Councilman Jimmy Overton led the opening prayer and Councilman Steve Camp led the Pledge of Allegiance.

City Recorder Connie Kittrell called the roll and the following were present:

Vice Mayor John D. Alexander
Councilman Ed Mayberry
Councilman Steve Camp
Councilman Craig Hayes
Councilwoman Anne Kemp
Councilman Jimmy Overton
Councilwoman Julie Brackenbury

Others Present

Joe Thompson, City Attorney	Billy Crook, Fire Chief
Ronnie Stiles, Public Works Director	David Brown, Leisure Services Dir.
David Gregory, Public Utilities Director	Rachel Nichols, Finance/IT Dir.
Amy Summers, Interim Personnel Official	Nick Tuttle, City Engineer
Don Bandy, Police Chief	James Fenton, EDA Director
<u>News Examiner</u> , Reporter	Connie Kittrell, City Recorder
<u>Gallatin Newspaper</u> , Reporter	Ann Whiteside, Mayor's Office
Katherine Schoch, Interim Codes/Planning Dir.	Rosemary Bates, Special Projects Dir.

Approval of Minutes

Mayor Graves presented the minutes of the July 16, 2013 City Council Meeting for approval. Councilman Overton made motion to approve; Vice Mayor Alexander seconded. Motion carried with 7 ayes and 0 nays.

Public Recognition on Agenda Related Items

Mayor opened public recognition on agenda related items.

Bob Thomas of 166 Grandview Circle thanked Mayor Graves for the great July 4th Celebration. Mr. Thomas also commented on the 28% increase in the renewal premium for health insurance coverage for city employees, the 1% raise for city employees and other issues concerning health insurance. Mr. Thomas also commented on the pool issue.

With no one else wishing to speak, Mayor Graves closed public recognition.

Mayor's Comments

Mayor commented on the following:

- Vice Mayor Alexander had surgery last week and glad he's recovering
- Third Thursday in August 15th
- Mayor's Night-In is August 27th
- Status of passing the budget; employee had an idea of building a wall in the current pool to create a warm water pool. Looking at this option and welcome any other suggestions.

Agenda

1. Ordinance #O1308-42 - First Reading

Councilman Mayberry presented this ordinance to amend the Gallatin Municipal Code, Chapter 10, Article 1, by adding a new section 10-2, Enforcement of Ordinances in Planning Region.

Councilman Mayberry made motion to approve; Vice Mayor Alexander seconded.

There was much discussion on this ordinance.

Mayor called for the vote. Motion carried with 6 ayes and Councilman Camp voted nay.

2. Resolution #R1307-31

Mayor Graves presented this resolution appointing Oscar Moore and Royce Hamilton to Gallatin Construction Board of Adjustments and Appeals.

Councilman Overton made motion to approve; Councilman Camp seconded. Motion carried with 7 ayes and 0 nays.

3. Resolution #R1307-32

Mayor Graves presented this resolution confirming appointment of Kenneth Thomson, Jr. to Gallatin Historic District Commission.

Councilwoman Kemp made motion to approve; Councilman Overton seconded. Motion carried with 7 ayes and 0 nays.

4. Resolution #R1308-34

Councilman Hayes presented this resolution approving new or revised Job Description for Public Safety Communications Coordinator and Fire Training Officer and Removing Job Description for Police/Fire Dispatch Coordinator.

Councilman Hayes made motion to approve; Councilwoman Kemp seconded. Motion carried with 7 ayes and 0 nays.

5. Dangerous Building Show Cause Notice - 317 Rodney Avenue

Officer Jessica Jackson presented Council members with an information packet detailing the interior conditions of the home at 317 Rodney Avenue.

City Attorney Joe Thompson explained that this dwelling is not suitable to be inhabited at this time.

Officer Jackson gave a detailed summary of events and information leading to this hearing. Officer Jackson informed the owners, Elvis and Barbara Browner that they could not stay in the home until it was cleaned and cleared of all trash, debris and clutter.

Council discussed.

Councilman Overton made motion to declare the house unsafe for human habitation, Council will review progress in two weeks and gave Officer Jackson authority to allow the residents back in home if brought into compliance early; Council agreed to suspend the rules to allow Curtis Browner, son of the owners to speak.

Curtis Browner stated that he, his brother and his sister have been working very hard to clean out the house and get it back in order. He added that their plan is to repair the roof, paint, and put in new floors and he requested 30 days.

Council continued to discuss.

Vice Mayor Alexander seconded the motion. Motion carried with 7 ayes and 0 nays.

6. Ordinance #O1307-39 – First Reading

Mayor Graves presented this ordinance adopting the Annual Budget for the Fiscal Year beginning July 1, 2013 through June 30, 2014.

Mayor Graves stated she brought this for discussion.

Councilman Overton stated he appreciated the suggestion from the employee on the warm water pool. He requested that in the future, the Mayor involve the direct department head before other department heads.

Councilwoman Brackenbury requested this item be deferred to next week's work session Committee Meeting for more discussion. There was no objection from Council.

Other Business

Mayor Graves called for other business.

- Special Projects Director Rosemary Bates informed Council of the form on their desks for the purpose of ranking the applicants for the Personnel Official/HR Director position. She requested Council rank the number of candidates they wish, sign the form and return to her tonight before leaving the meeting.

City Attorney Joe Thompson explained the Open Meetings and Public Records Act.

Council discussed the different interview process for the Personnel Official/HR Director position.

Vice Mayor Alexander stated he disagreed with the policy on not being allowed to vote if not present at the meeting.

There was much discussion on the Open Records Council requirements and changes to the policy for interviewing candidates.

- Police Chief Don Bandy stated he passed out a form earlier on the State of Tennessee Law Enforcement Equipment Grant with a required 25% match. Chief Bandy stated the match will come from the Drug Fund and he requested permission from Council to apply for the grant.

Councilman Overton made motion to approve; Councilwoman Kemp seconded. Motion carried with 7 ayes and 0 nays.

- City Engineer Nick Tuttle informed Council that the city received the TVA Grant on Stream Restoration on Richland Circle. Mr. Tuttle added that TVA and the consultant will be here in two weeks to do a presentation to Council and an on-site visit.
- Councilwoman Brackenbury requested the zoning involving the historical overlay in the Historic District be on the next Committee Work Session Meeting.
- Councilman Overton asked the status of the sign ordinance.

Mayor requested Interim Codes/Planning Director Katherine Schoch add the sign ordinance on next week's Committee Meeting.

Public Recognition on Non-Agenda Related Items

Mayor called for public recognition on non-agenda related items.

- Joe Debord of 1007 Hart Street spoke about his concerns on the traffic congestion in front of Vena Stuart School. Mr. Debord suggested Mayor Graves, Chief Bandy, the Principal of Vena Stuart School, the School Superintendent and Engineering get together to design a solution to this issue.
- Councilwoman Brackenbury thanked everyone for the great turn out at the Farmer's Market for the first "Movie Night at the Market" event.
- Councilman Alexander thanked everyone for all their prayers, love and calls following his surgery.
- Bettye Scott of 215 Perry Street spoke about the new concept on the warm water pool that was presented tonight.

Mayor Graves stated this is in discovery at the present time and she will be glad to explain more once all the questions have been answered.

- Alice Humphrey of 446 Hall Street spoke about the walking track being in disrepair and needing new playground equipment at Clearview Park. Ms. Humphrey requested the walking track be extended and more done at Clearview Park.

With no one else wishing to speak, Mayor closed public recognition.

Adjourn

With no other business to discuss, the meeting was adjourned.

Mayor Jo Ann Graves

City Recorder Connie Kittrell

DANGEROUS BUILDING
SHOW CAUSE NOTICE

TO: ELVIS BROWNER
317 RODNEY STREET
GALLATIN TENNESSEE 37066

BARBARA BROWNER
317 RODNEY STREET
GALLATIN, TENNESSEE 37066

RE: 317 RODNEY STREET
GALLATIN, TENNESSEE
TAX MAP: 126N-C-020.00

PURSUANT to Gallatin Municipal Code, Chapter 5, Article IX, Section 5-241, et seq., Dangerous Buildings, you are hereby summoned to appear for a hearing before the Gallatin City Council, on **TUESDAY, AUGUST 6, 2013 at 6:00 P.M., C.D.T.**, Gallatin City Hall, Gallatin, Tennessee, Council Chambers, for the purpose of showing cause why the building and structures located at the above address should not be declared a dangerous building pursuant to Gallatin Municipal Code §5-241(5),(6),(9), & (10) and ordered vacated until such time as said building shall be repaired or demolished pursuant to Gallatin Municipal Code §5-248. You have the right to present evidence and testimony and be represented by an attorney if you so choose.

Failure to appeal will result in a finding of dangerous building and an order for demolition with all costs and expenses assessed against the owner(s) and the real property as a municipal lien.

Direct all inquiries to Addam McCormick, in the Codes Department at 615-451-5968.

Dated: August 1, 2013.



JOE H. THOMPSON
CITY ATTORNEY FOR THE
CITY OF GALLATIN, TENNESSEE

HAND DELIVERED – August 1, 2013.



From: Jessica Jackson
Sent: Wednesday, July 31, 2013 3:54 PM
To: PD Property Maintenance
Cc: Addam McCormick; Joe Thompson
Subject: 317 Rodney

Just FYI :

317 Rodney was put on restricted use today allowing for cleanup of the property only. Attached are photos of the interior and exterior of the home. One of the bedroom doors is closed and is unable to be opened. A second bedroom has clothes piled to high to allow for entry and the third bedroom has a path that allows for access to the bed only. The shower and sink in the bathroom are unable to be used because they are covered with clothing and debris. There is a path to the toilet however I was unable to get to the toilet to determine if it was in working order. There is a path from the living room to the kitchen however the sink and stove are unable to be used due to the pile of debris. The refrigerator is not usable and has not been for some time. The occupants are using a small refrigerator to store a small amount of food in. The window and doors are not accessible in the case of an emergency or fire. There is mold and water damage on the ceiling in the living room and there are bed bugs throughout the home as well.

The owner Mr. Elvis Browner advised he has not taken a shower since he quit work in 2011. During the time he worked at Hoeganese and he took showers there. From 2011 until now he washes himself with a washcloth. He and his wife, Barbara, live at the home with two of their sons. One of the sons stated that he goes to Kroger to go to the bathroom because he cannot get to the bathroom in the home. He sleeps on the couch in the living room. Mr. Browner advised the hording has been going on for a long time and that Barbara continues to bring the stuff in the house. She also has several storage buildings that was confirmed by another son Tony. Tony advised he has tried to clean the house out several times but Barbara has not allowed him to do so.

Mr. and Mrs. Browner were advised of the restricted use of the house and advised that the issue would be taken in front of the council on Tuesday to attempt to declare it a dangerous building. I requested they begin the clean up process immediately.

Thanks,

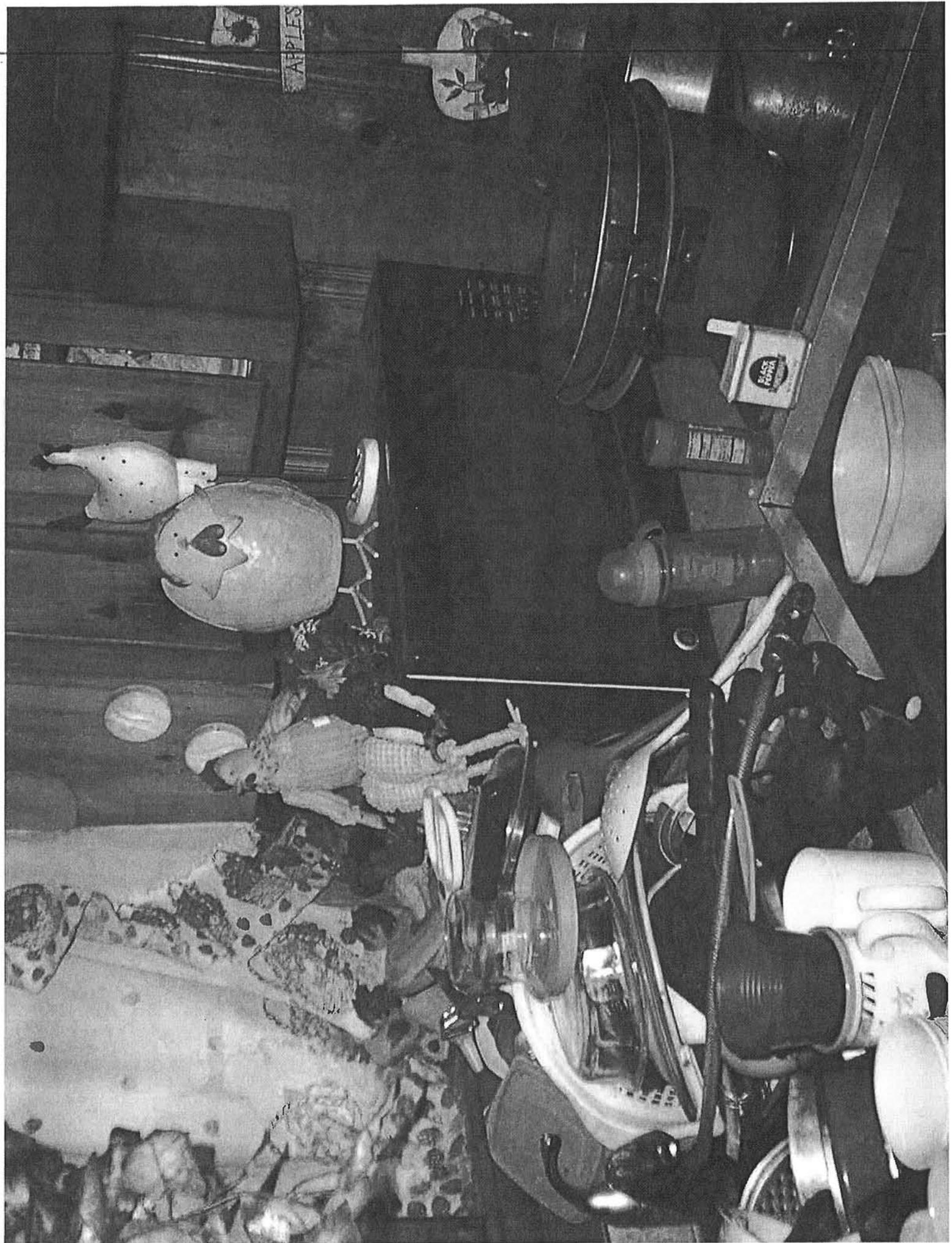
*FTO Jessica Jackson
Property Maintenance Inspector
130 W. Franklin Street
Gallatin, TN 37066
615-452-1313 ext. 250*









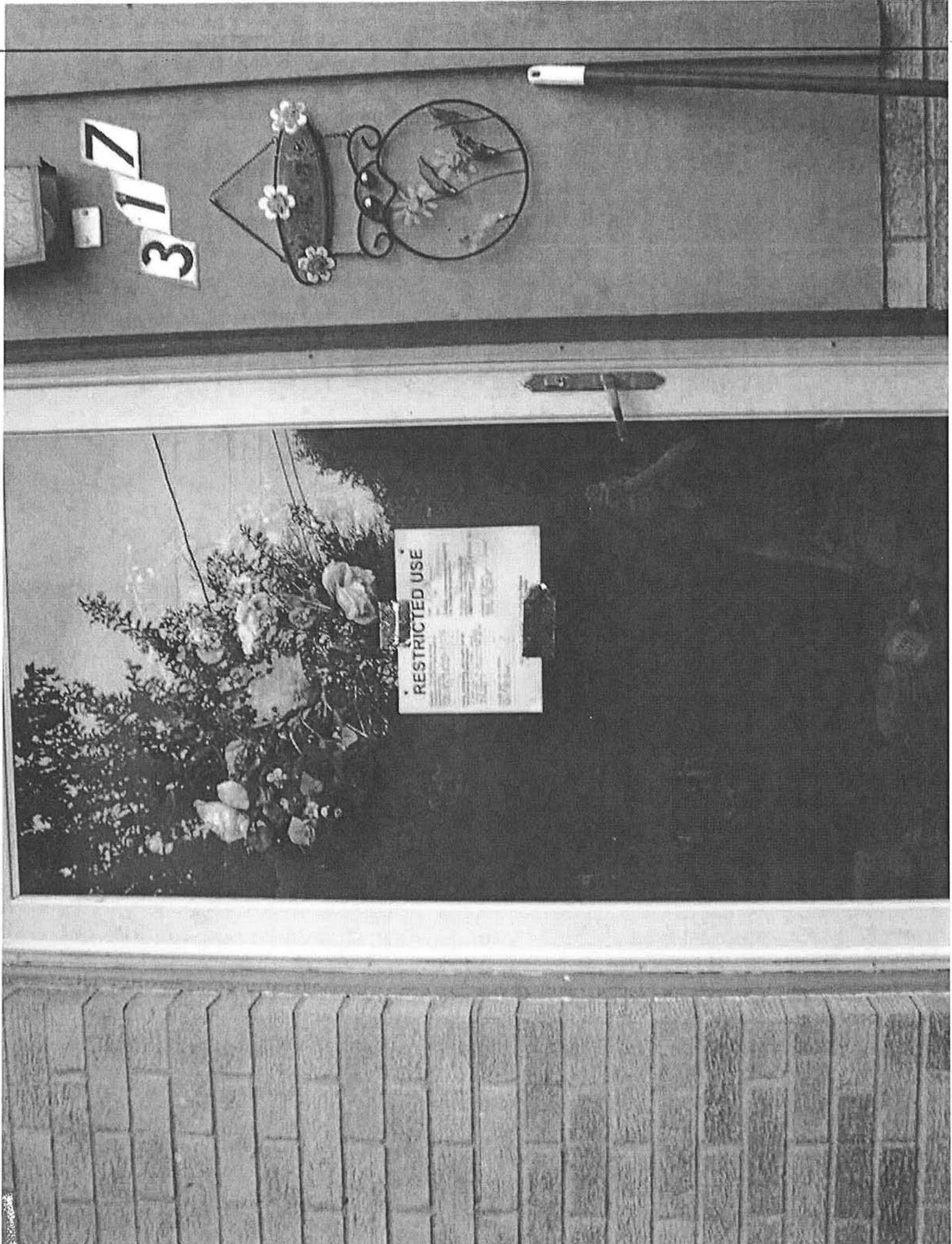












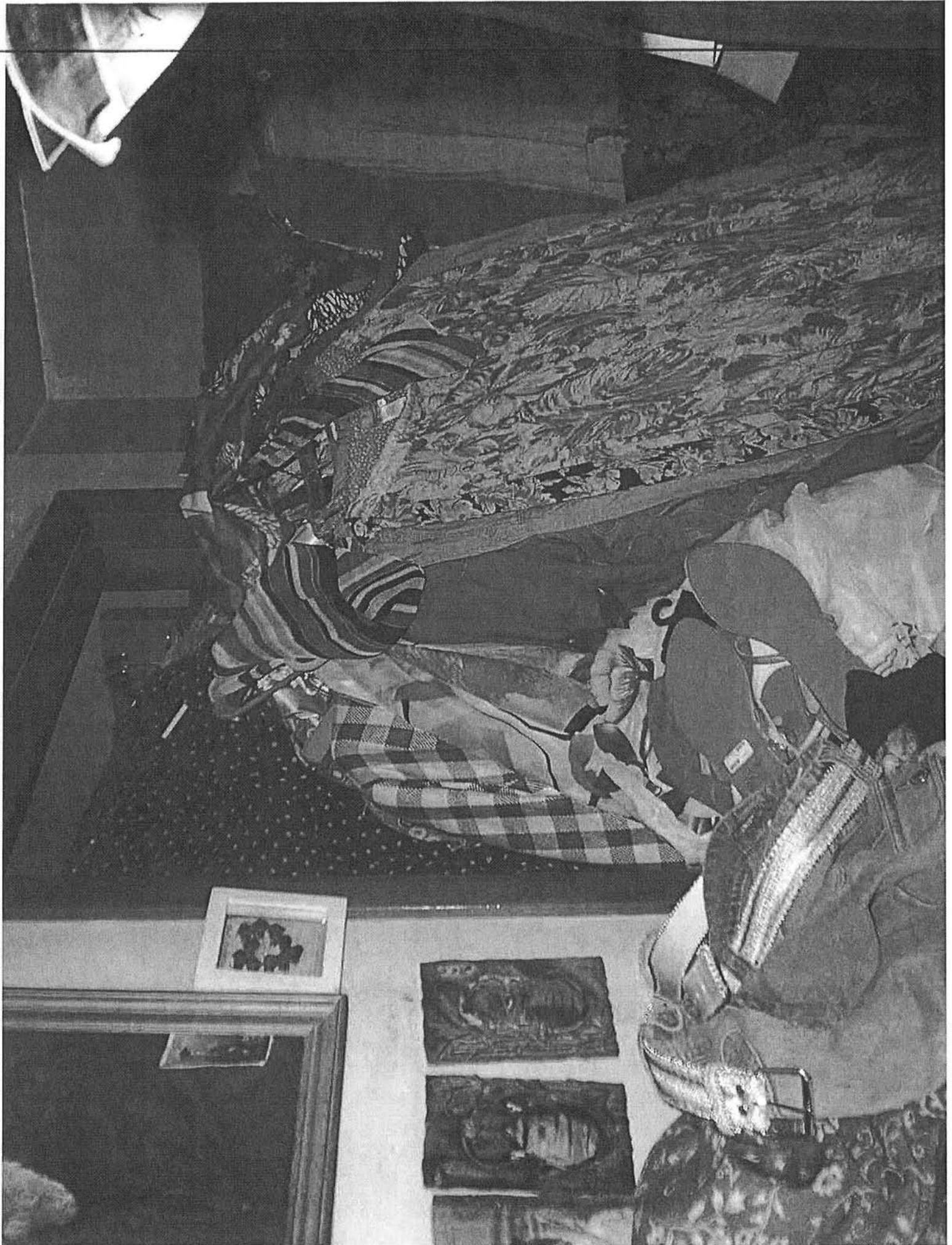
317

RESTRICTED USE

















RESTRICTED USE

Caution: This sensitive has been inspected and found to be damaged as described below.
Name: Robert J. Turner
in California

Date: 1-2-45
Time: 11:00 AM
Caution: Sensitive Use of this material may result in damage and injury.

Entry, occupancy and layout use are restricted as indicated below:
Class of use: Restricted - this is a highly sensitive document and should not be distributed outside the organization.

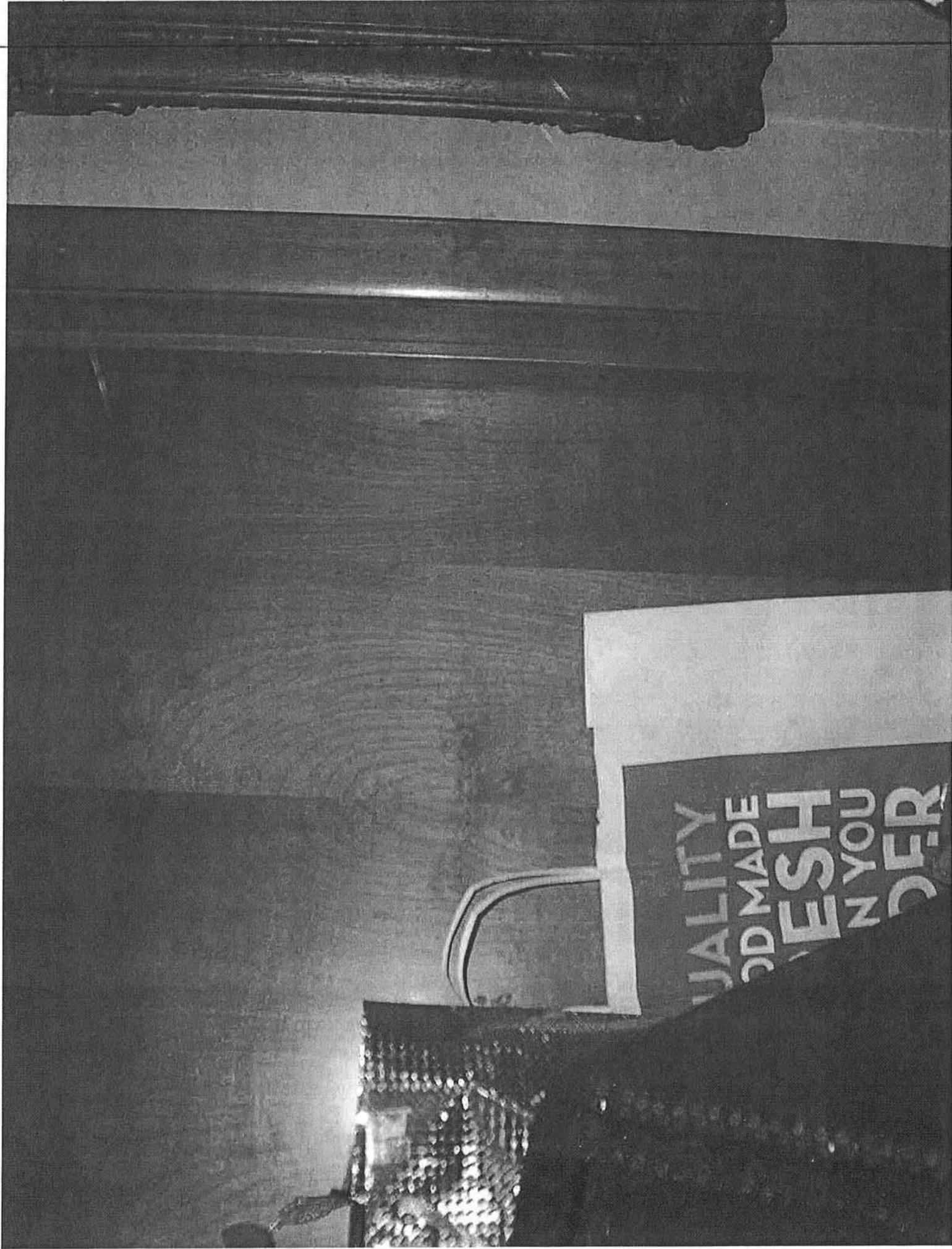
This entry was prepared under emergency conditions of in-class copy classification
classification
classification

Facility Name and Address
1111 1st St
San Francisco, California

Do Not Remove. Alter or Cover this Record
Joint Authorized by Governing Authority

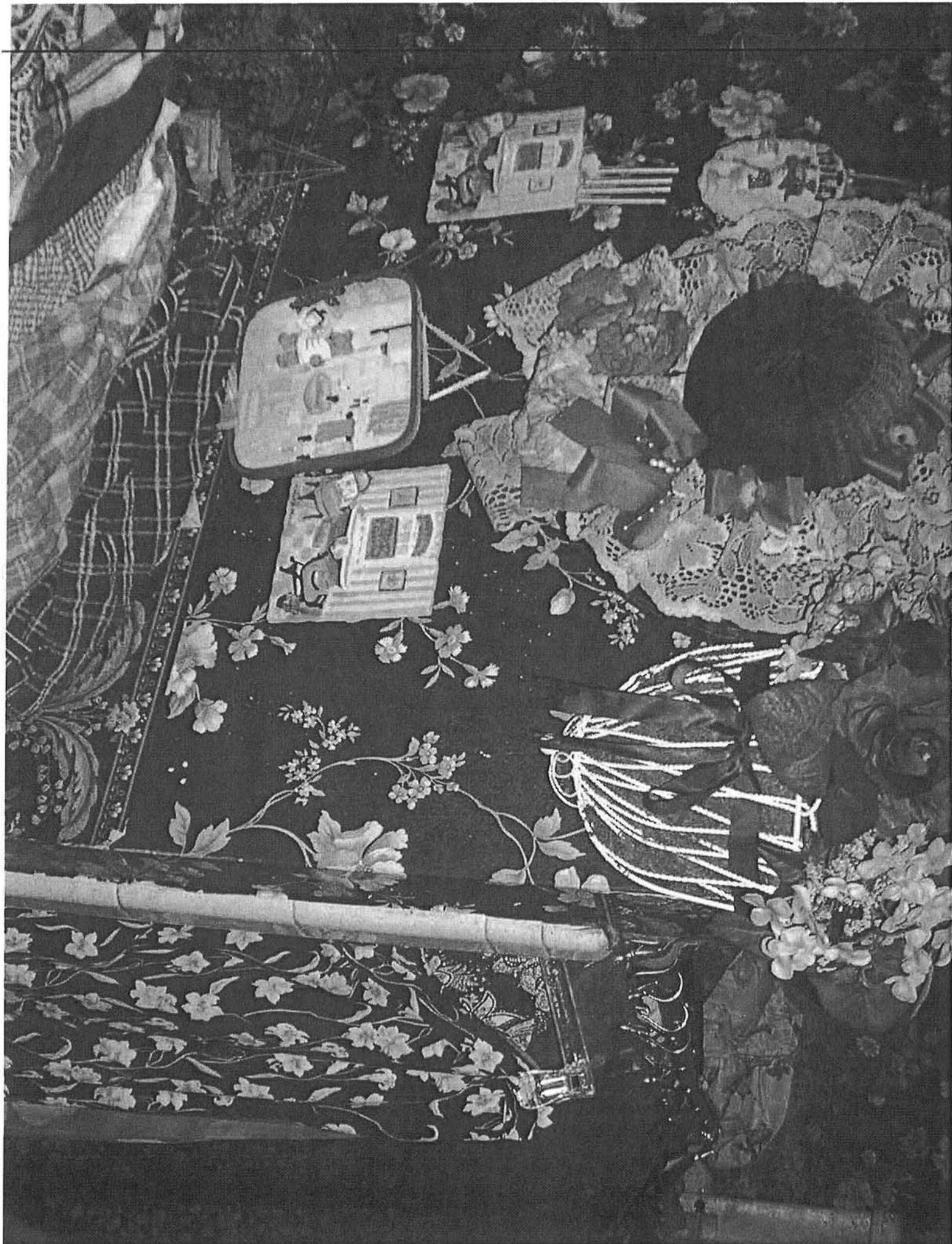






QUALITY
GODMADE
FRESH
IN YOUR
ORDER





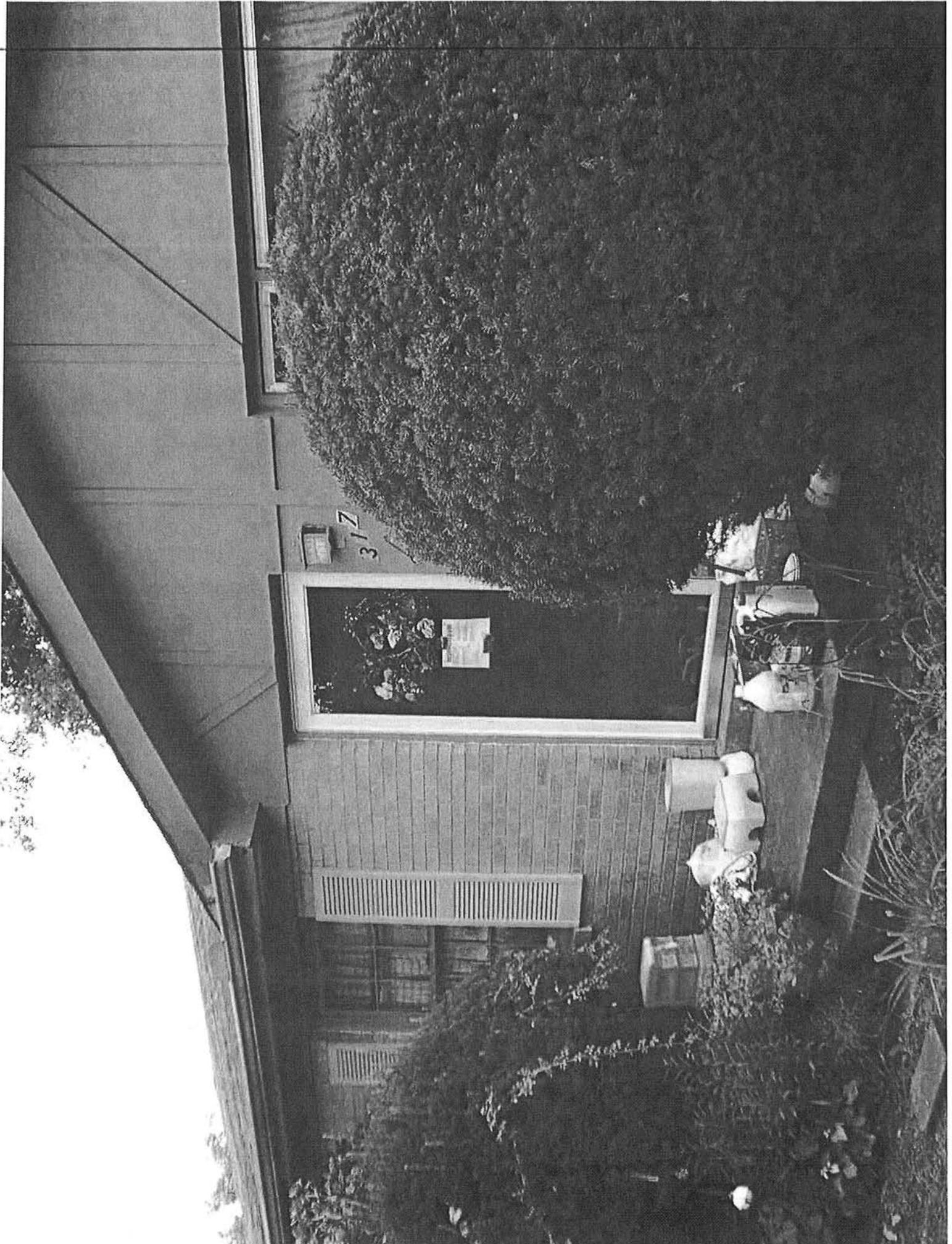


Oral-B Complete

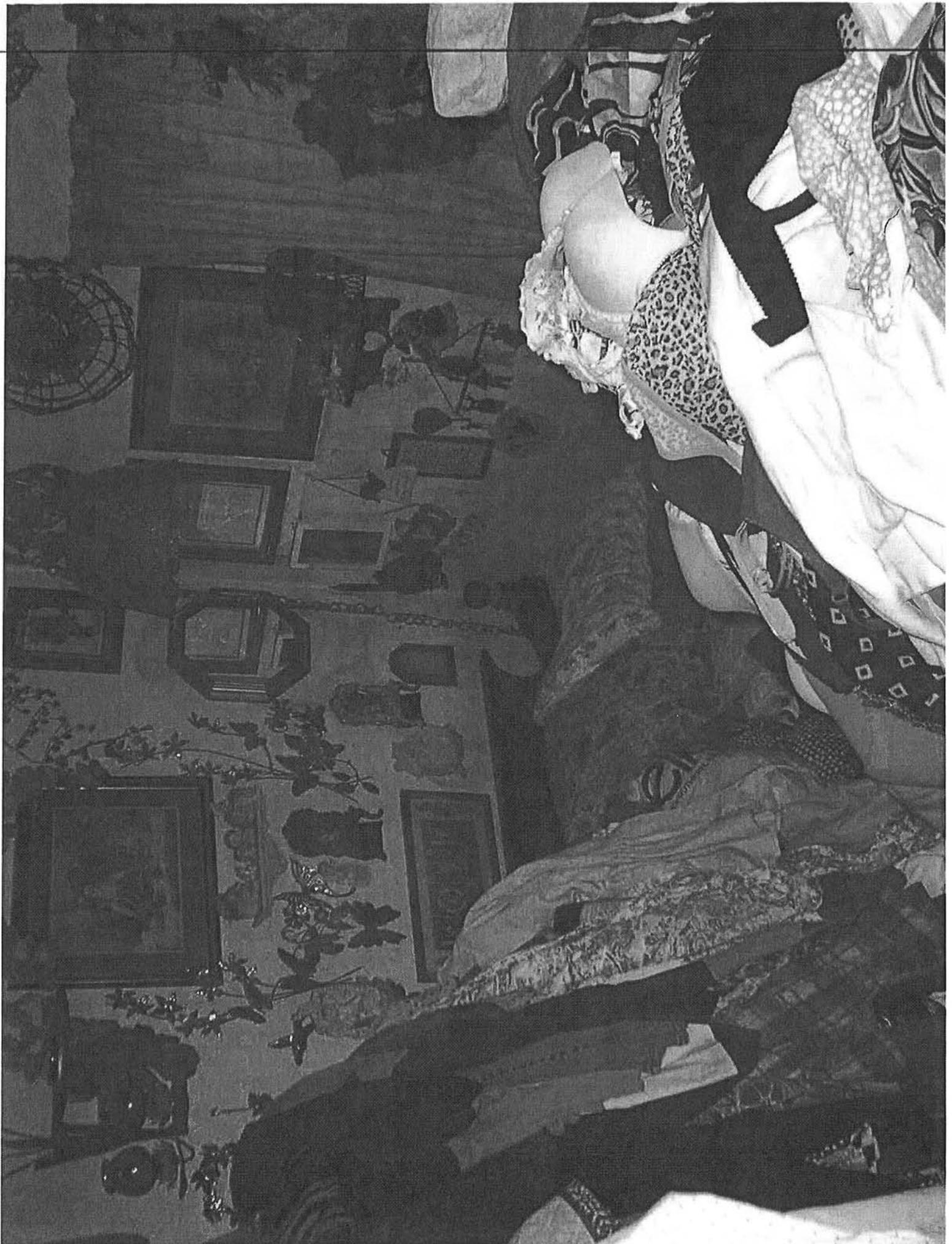
MULTI-BENEFIT

FIGHTS CAVITIES, WHITENS + FRESHENS BREATH
COMBATS THE CAUSE OF GINGIVITIS + REFRESHES AIR

Oral-B Complete
WHITENING
MULTI-BENEFIT



317









ORDINANCE TO AMEND THE GALLATIN MUNICIPAL CODE, CHAPTER 10, ARTICLE I, BY
ADDING A NEW SECTION 10-2, ENFORCEMENT OF ORDINANCES IN PLANNING REGION

BE IT ORDAINED BY THE CITY OF GALLATIN, TENNESSEE, that the Gallatin Municipal
Code, Chapter 10, Article I, is hereby amended by adding a new Section 10-2 which shall read as follows:

Sec. 10-2. Extraterritorial enforcement.

- (1) Pursuant to Article I, § 5 of the Charter for the City of Gallatin, Tennessee, all ordinances of a moral, criminal, quasi-criminal, sanitary or penal nature, specifically including but not limited to all model codes adopted in Chapters 5 and 9 of this municipal code shall be enforced in that territory outside the corporate limits to the extent that such territory is within one mile of those corporate limits and within the Gallatin Planning Region as adopted by the Tennessee Department of Economic and Community Development on November 5, 1997.
- (2) The jurisdiction of the City Court and the police powers of the City shall include the territory described above for the purpose of enforcing these ordinances and the police power shall be coextensive with that of the sheriff in the execution of any paper or process issued from said city court, or in enforcing any of these ordinances.

BE IT FURTHER ORDAINED BY THE CITY OF GALLATIN, TENNESSEE, that this
ordinance shall take effect immediately upon final passage, the public welfare requiring such.

PASSED FIRST READING: August 6, 2013.

PASSED SECOND READING: _____, 2013.

MAYOR JO ANN GRAVES

ATTEST:

APPROVED AS TO FORM:

CONNIE KITTRELL
CITY RECORDER

JOE H. THOMPSON
CITY ATTORNEY

**CITY OF GALLATIN
COUNCIL COMMITTEE AGENDA**

July 23, 2013

DEPARTMENT: City Attorney

AGENDA #

SUBJECT:

Extraterritorial Enforcement of Ordinances

SUMMARY:

Sumner County would like for the City to enforce the city's ordinances in the city's planning region. After discussion with the police, fire, codes, and planning departments, the consensus is that the best way to accomplish this goal is to utilize Article I, § 5 of the charter which permits the city to enforce certain ordinances within one mile of the corporate limits.

At committee, a PowerPoint presentation will explain the proposal in further detail.

RECOMMENDATION:

ATTACHMENT:

Resolution
 Ordinance

Correspondence
 Contract

Bid Tabulation
 Other

Approved
Rejected
Deferred

Notes:

ORDINANCE NO. O1307-39

**ORDINANCE OF THE CITY OF GALLATIN, TENNESSEE,
ADOPTING THE ANNUAL BUDGET FOR THE FISCAL YEAR BEGINNING
JULY 1, 2013 THROUGH JUNE 30, 2014.**

- Whereas, *Tennessee Code Annotated* Title 9 Chapter 1 Section 116 requires that all funds of the State of Tennessee and all its political subdivisions shall first be appropriated before being expended and that only funds that are available shall be appropriated; and
- Whereas, the Municipal Budget Law of 1982 requires that the governing body of each municipality adopt and operate under an annual budget ordinance presenting a financial plan with at least the information required by that state statute, that no municipality may expend any moneys regardless of the source except in accordance with a budget ordinance and that the governing body shall not make any appropriation in excess of estimated available funds; and
- Whereas, the governing body has published the annual operating budget and budgetary comparisons of the proposed budget with the prior year (actual) and the current year (estimated) in a newspaper of general circulation not less than ten (10) days prior to the meeting where the governing body will consider final passage of the budget.

NOW THEREFORE BE IT ORDAINED BY THE CITY OF GALLATIN, TENNESSEE AS FOLLOWS:

SECTION 1: That the governing body estimates anticipated revenues of the municipality from all sources to be as follows:

General Fund	FY 2012 Actual	FY 2013 Estimated	FY 2014 Proposed
Local Taxes	\$19,036,022	\$18,720,120	\$19,441,120
Intergovernmental Revenue	5,420,706	7,880,164	4,055,300
Fines and Forfeitures	1,359,480	860,500	600,250
Miscellaneous Revenue	2,608,879	2,049,313	1,845,597
Total Revenue	\$28,425,087	\$29,510,097	\$25,942,267
Fund Balance	\$5,600,172	\$8,573,311	5,695,158
Total Available Funds	\$34,025,259	\$38,083,408	\$31,637,425

Special Revenue Fund	FY 2012 Actual	FY 2013 Estimated	FY 2014 Proposed
Miscellaneous Revenue	\$ 27,983	\$ 41,520	\$ 27,000
Total Revenue	\$ 27,983	\$ 41,520	\$ 27,000
Fund Balance	\$ -	\$ -	\$ -
Total Available Funds	\$ 27,983	\$ 41,520	\$ 27,000

Environmental Serv Fund	FY 2012 Actual	FY 2013 Estimated	FY 2014 Proposed
Miscellaneous Revenue	\$ 1,558,881	\$ 1,848,928	\$ 1,795,000
Total Revenue	\$ 1,558,881	\$ 1,848,928	\$ 1,795,000
Fund Balance	\$ -	\$ -	\$ -
Total Available Funds	\$ 1,558,881	\$ 1,848,928	\$ 1,795,000

Drug Fund	FY 2012 Actual	FY 2013 Estimated	FY 2014 Proposed
Court Fines and Costs	\$ 115,932	\$ 122,500	\$ 150,000
Total Revenue	\$ 115,932	\$ 122,500	\$ 150,000
Fund Balance	\$ 58,400	\$ 73,396	\$ 35,896
Total Available Funds	\$ 174,332	\$ 195,896	\$ 185,896

Water/Sewer Fund	FY 2012 Actual	FY 2013 Estimated	FY 2014 Proposed
Total Revenue	\$ 11,420,830	\$ 12,738,250	\$ 13,185,750
Fund Balance	\$ 8,823,746	\$ 8,315,840	\$ 6,799,968
Total Available Funds	\$ 20,244,576	\$ 21,054,090	\$ 19,985,718

Gas Fund	FY 2012 Actual	FY 2013 Estimated	FY 2014 Proposed
Total Revenue	\$ 14,313,279	\$ 16,280,000	\$ 19,276,000
Fund Balance	\$ 9,436,446	\$ 10,353,636	\$ 10,539,108
Total Available Funds	\$ 23,749,725	\$ 26,633,636	\$ 29,815,108

SECTION 2: That the governing body appropriates from these anticipated revenues and unexpended and unencumbered funds as follows:

General Fund	FY 2012 Actual	FY 2013 Estimated	FY 2014 Proposed
Government Administration	\$ 6,276,748	\$ 10,342,335	\$ 7,094,932
Public Safety	\$ 10,883,501	\$ 11,399,293	\$ 11,595,082
Public Works	\$ 1,871,337	\$ 2,553,136	\$ 2,128,447
Parks and Recreation	\$ 4,251,183	\$ 4,511,287	\$ 4,194,417
Economic Development	\$ 254,357	\$ 544,918	\$ 315,592
Debt Service	\$ 1,259,545	\$ 1,276,908	\$ 1,274,408
Operating Transfers	\$ 1,655,277	\$ 2,760,373	\$ -
Total Appropriations	\$ 26,451,948	\$ 33,388,250	\$ 26,602,878

Special Revenue Fund	FY 2012 Actual	FY 2013 Estimated	FY 2014 Proposed
Public Safety	\$ 25,212	\$ 28,559	\$ 27,000
Total Appropriations	\$ 25,212	\$ 28,559	\$ 27,000

Environmental Serv Fund	FY 2012 Actual	FY 2013 Estimated	FY 2014 Proposed
Environmental Services	\$ 1,764,612	\$ 1,848,928	\$ 1,794,783
Total Appropriations	\$ 1,764,612	\$ 1,848,928	\$ 1,794,783

Drug Fund	FY 2012 Actual	FY 2013 Estimated	FY 2014 Proposed
Police	\$ 130,231	\$ 160,000	\$ 150,000
Total Appropriations	\$ 130,231	\$ 160,000	\$ 150,000

Water/Sewer Fund	FY 2012 Actual	FY 2013 Estimated	FY 2014 Proposed
Utilities	\$ 11,928,736	\$ 19,264,521	\$ 14,701,622
Total Appropriations	\$ 11,928,736	\$ 19,264,521	\$ 14,701,622

Gas Fund	FY 2012 Actual	FY 2013 Estimated	FY 2014 Proposed
Utilities	\$ 13,396,089	\$ 18,008,615	\$ 19,090,528
Total Appropriations	\$ 13,396,089	\$ 18,008,615	\$ 19,090,528

SECTION 3. At the end of the next fiscal year the governing body estimates balances/deficits as follows:

General Fund	\$ 5,034,547
Special Revenue Fund	\$ -
Environmental Serv Fund	\$ 217
Drug Fund	\$ 35,896
Water/Sewer Fund	\$ 5,284,096
Gas Fund	\$ 10,724,580

SECTION 4. That the governing body recognizes that the municipality has bonded and other indebtedness as follows:

Bonded or Other Indebtedness	Debt Redemption	Interest Requirements	Debt Authorized and Unissued	Condition of Sinking Fund
Bonds - General fund	\$ 495,000	\$ 309,864	\$ -	within
Notes - General fund	\$ 365,000	\$ 102,764	\$ -	General fund
Bonds - Water/Sewer fund	\$ 1,280,000	\$ 1,436,254	\$ -	

SECTION 5. During the coming fiscal year the governing body has planned capital projects and proposed funding as follows:

Proposed Capital Projects	Proposed Amount Financed by Appropriations	Proposed Amount Financed by Debt
Water/Sewer lines	\$ 1,000,000.00	\$ -
Gas lines	\$ 1,000,000.00	\$ -
Greelea Extension	\$ -	\$ 2,500,000.00
Albert Gallatin/Hattentrack Rd Extension	\$ -	\$ 4,000,000.00
Public Works Facilities	\$ -	\$ 750,000.00
Triple Creek Ballfield Lighting	\$ -	\$ 300,000.00

SECTION 6. No appropriation listed above may be exceeded without an amendment of the budget ordinance as required by the Municipal Budget Law of 1982 T.C.A., Section 6-56-208. In addition, no appropriation may be made in excess of available funds except to provide for an actual emergency threatening the health, property or lives of the inhabitants of the municipality and declared by a two-thirds (2/3) vote of at least a quorum of the governing body in accord with Section 6-56-205 of the *Tennessee Code Annotated*.

SECTION 7. Money may be transferred from one appropriation to another in the same fund only by appropriate ordinance by the governing body, subject to such limitations and procedures as it may describe as allowed by Section 6-56-209 of the *Tennessee Code Annotated*.

SECTION 8. A detailed financial plan will be attached to this budget and become part of this budget ordinance. In addition, the published operating budget and budgetary comparisons shown by fund with beginning and ending fund balances and the number of full time equivalent employees required by Section 6-56-206, *Tennessee Code Annotated* will be attached.

SECTION 9. If for any reason a budget ordinance is not adopted prior to the beginning of the next fiscal year, the appropriations in this budget ordinance shall become the appropriations for the next fiscal year excluding capital until the adoption of the new budget ordinance in accordance with the Section 6-56-210, *Tennessee Code Annotated* provided sufficient revenues are being collected to support the continuing appropriations. Approval of the Director of the Office of State and Local Finance in the Comptroller of the Treasury for a continuation budget will be requested if any indebtedness is outstanding.

SECTION 10. All unencumbered balances of appropriations remaining at the end of the fiscal year shall lapse and revert to the respective fund balances.

SECTION 11. This ordinance shall take effect on July 1, 2013, the public welfare requiring it.

Passed First Reading:

Passed Second and Final Reading:

Mayor Jo Ann Graves

Approved as to Form: Joe Thompson, City Attorney

Attest: Connie Kittrell, City Recorder

General	
City Administration	1,089,389
Finance	565,621
City Recorder	468,016
Insurances	762,500
City Attorney	344,114
Information Technology	471,693
Personnel Administration	188,847
Engineering	1,783,537
Planning Commission	21,100
Planning & Codes	971,227
Government Buildings	480,927
Police Department	6,538,934
A.C.E.S. Program	120,000
Fire Department	4,765,198
Animal Control	118,911
Public Works Administration	340,206
Street Maintenance	1,360,071
Vehicle Maintenance	428,170
Community Enhancement	116,500
Community Services	148,000
Leisure Services	578,666
Civic Center	1,082,500
Golf Course	849,871
Parks	1,418,880
Economic Development	315,592
Bond Expenses	1,274,408
Operating Transfers	-
SOR	7,000
Police Special	20,000
Environmental Serv Admin	36,000
Waste Collections	1,758,783
Drug Fund Investigations	150,000
Water/Sewer	
Water Treatment and Pumping	1,342,833
Transmission & Distribution	2,425,673
Customer Accounting	529,907
Administration & General	1,189,564
Depreciation	3,428,184
Bond Expense	2,716,254
Paying Agent	800
Sewer Collection/Lines	1,067,591
Sewer System Rehabilitation	378,613
Sewer Treatment & Disposal	1,317,142
Sewer Admin & General	218,398

Sewer Pre-treatment Program	87,663
-----------------------------	--------

Gas

Depreciation	800,000
--------------	---------

Purchased Gas	15,000,000
---------------	------------

Transmission & Distribution	2,142,953
-----------------------------	-----------

Customer Accounting	420,227
---------------------	---------

Administration & General	717,348
--------------------------	---------

City of Gallatin, Tennessee
 Summary of the City Budget
 For the Fiscal Year Ending June 30, 2014

	Actual 2011-12	Estimated 2012-13	Estimated 2013-14
GENERAL FUND			
REVENUES			
Local Taxes	19,036,022	18,720,120	19,441,120
State of Tennessee	4,628,832	5,922,710	4,055,300
Federal Government	791,874	1,957,454	-
Other Sources	3,968,359	2,909,813	2,445,847
Total Revenues	28,425,087	29,510,097	25,942,267
EXPENDITURES			
Salaries	16,485,705	17,170,824	17,916,951
Other Costs	14,036,215	16,217,427	8,685,927
Total Expenditures	30,521,920	33,388,251	26,602,878
Beginning Balances - July 1	8,568,203	6,471,370	2,593,216
Ending Balances - June 30	6,471,370	2,593,216	1,932,605
Employment	377	381	381
DEBT SERVICE FUND	within General Fund		
STREET FUND	within General Fund		

**CITY OF GALLATIN
COUNCIL COMMITTEE AGENDA**

08/13/2013

DEPARTMENT: Finance/I.T.

AGENDA #

SUBJECT:

Discussion of proposed 2013/2014 budget

SUMMARY:

Discussion of proposed 2013/2014 budget

RECOMMENDATION:

Approval

ATTACHMENT:

Resolution
 Ordinance

Correspondence
 Contract

Bid Tabulation
 Other

Approved
Rejected
Deferred

Notes:

**RESOLUTION AUTHORIZING THE CITY OF GALLATIN TO PARTICIPATE IN THE
TML RISK MANAGEMENT POOL "SAFETY PARTNERS" LOSS CONTROL
MATCHING GRANT PROGRAM**

WHEREAS, the safety and well being of the employees of the City of Gallatin is of the greatest importance; and

WHEREAS, all efforts shall be made to provide a safe and hazard-free workplace for employees of the City of Gallatin; and

WHEREAS, the TML Risk Management Pool seeks to encourage the establishment of a safe workplace by offering a "Safety Partners" Loss Control Matching Grant Program; and

WHEREAS, the City of Gallatin now seeks to participate in this important program.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF GALLATIN, TENNESSEE, that the City of Gallatin is hereby authorized to submit application for a "Safety Partners" Loss Control Matching Grant through the TML Risk Management Pool, seeking the maximum grant of two thousand and 00/100 (\$2,000.00) by having expenditures in excess of four thousand and 00/100 (\$4,000.00) for safety training, equipment, and devices.

BE IT FURTHER RESOLVED BY THE CITY OF GALLATIN, TENNESSEE, that this resolution shall take effect from and after its final passage, the public welfare requiring such.

IT IS SO ORDERED.

PRESENT AND VOTING

AYE: _____

NAY: _____

DATED: _____.

MAYOR JO ANN GRAVES

ATTEST:

CONNIE KITTRELL, CITY RECORDER

APPROVED AS TO FORM:

JOE THOMPSON, CITY ATTORNEY

**CITY OF GALLATIN
COUNCIL COMMITTEE AGENDA**

August 13, 2013

DEPARTMENT: Personnel/Human Resources

AGENDA # 8

SUBJECT:

Resolution for TML Safety Grant

SUMMARY:

TML is sponsoring its annual "Safety Partners" Grant Program offering reimbursement of up to 50% of the cost of approved safety devices, employee education, or training necessary to control an employee safety hazard. The City of Gallatin would be eligible for a \$2,000 grant if approved. The attached Resolution is required as part of the application process.

RECOMMENDATION:

Approval

ATTACHMENT:

Resolution
 Ordinance

Correspondence
 Contract

Bid Tabulation
 Other

Approved
Rejected
Deferred

Notes:

RESOLUTION APPOINTING _____ DIRECTOR OF HUMAN RESOURCES
AND ESTABLISHING INITIAL SALARY

BE IT RESOLVED BY THE CITY OF GALLATIN, TENNESSEE as follows:

1. Pursuant to Gallatin Municipal Code Sec. 2-179, _____
is hereby appointed to the position of Director of Human Resources for the City of Gallatin, Tennessee
effective upon passage of this ordinance.

2. The initial annual salary appropriated for the Director of Human Resources shall be
the sum of \$ _____, and shall be effective immediately.

3. BE IT FURTHER RESOLVED that this Resolution shall take effect from and
after its final passage, the public welfare requiring such.

IT IS SO ORDERED.

PRESENT AND VOTING:

AYE: ____

NAY: ____

DATED: August ___, 2013.

MAYOR JO ANN GRAVES

ATTEST:

CONNIE KITTRELL
CITY RECORDER

APPROVED AS TO FORM:

JOE H. THOMPSON
CITY ATTORNEY

**CITY OF GALLATIN
COUNCIL COMMITTEE AGENDA**

August 13, 2013

DEPARTMENT: Council

AGENDA #

SUBJECT:

Second Interview of Three Candidates for Personnel Official/Human Resources Director

SUMMARY:

The Council will conduct second interviews with:

Ann Whiteside
Amy Summers
Debbie Johnson

RECOMMENDATION:

ATTACHMENT:

Resolution
 Ordinance

Correspondence
 Contract

Bid Tabulation
 Other

Approved
Rejected
Deferred

Notes:

On August 13, during the Council Committee Meeting, Council did a second interview panel-discussion style with Ms. Whiteside, Ms. Summers and Ms. Johnson. Councilman Overton asked that this item be placed on the August 20, 2013 Council Meeting Agenda for discussion and/or vote.

A RESOLUTION AUTHORIZING THE ISSUANCE OF WATER AND SEWER REVENUE AND TAX REFUNDING BONDS OF THE CITY OF GALLATIN, TENNESSEE IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$1,250,000, IN ONE OR MORE SERIES; MAKING PROVISION FOR THE ISSUANCE, SALE AND PAYMENT OF SAID BONDS, ESTABLISHING THE TERMS THEREOF AND THE DISPOSITION OF PROCEEDS THEREFROM; AND PROVIDING FOR THE PLEDGE OF WATER AND SEWER SYSTEM REVENUES AND THE LEVY OF TAXES FOR THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS

WHEREAS, 9-21-101, et seq., inclusive, Tennessee Code Annotated, as amended, authorizes the City of Gallatin, Tennessee (the "Municipality"), by resolution of the City Council, to issue and sell bonds to refund and refinance outstanding indebtedness; and

WHEREAS, the Municipality has previously issued and has outstanding its Water and Sewer Revenue and Tax Refunding Bonds, Series 2004, dated March 17, 2004 (the "Outstanding Indebtedness"); and

WHEREAS, all or a portion of the Outstanding Indebtedness can now be refunded for the purpose of reducing the debt service requirements of the Municipality; and

WHEREAS, the City Council hereby determines that it is advisable to issue water and sewer revenue and tax bonds for the purpose of refunding all or a portion of the Outstanding Indebtedness; and

WHEREAS, a plan of refunding for the Outstanding Indebtedness has been filed with the Director of State and Local Finance (the "State Director") as required by Section 9-21-903, Tennessee Code Annotated, as amended, and the State Director has submitted to the Municipality a report thereon, a copy of which is attached hereto as Exhibit A; and

WHEREAS, it is the intention of the City Council of the Municipality to adopt this resolution for the purpose of authorizing not to exceed \$1,250,000 in aggregate principal amount of bonds for the above-described purposes, providing for the issuance, sale and payment of said bonds, establishing the terms thereof, and the disposition of proceeds therefrom, and providing for the pledge of water and sewer system revenues and the levy of a tax for the payment of principal thereof, premium, if any, and interest thereon.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Gallatin, Tennessee, as follows:

Section 1. Authority. The bonds authorized by this resolution are issued pursuant to 9-21-101, et seq., Tennessee Code Annotated, as amended, and other applicable provisions of law.

Section 2. Definitions. In addition to the terms defined in the preamble above, the following terms shall have the following meanings in this resolution unless the text expressly or by necessary implication requires otherwise:

(a) "Bond Purchase Agreement" means a Bond Purchase Agreement, dated as of the date of the sale of the Bonds, between the Municipality and the Underwriter, in substantially the form attached hereto as Exhibit B, subject to such changes as permitted by Section 8 hereof, as approved by the Mayor, consistent with the terms of this resolution.

(b) "Bonds" means the not to exceed \$1,250,000 Water and Sewer Revenue and Tax Refunding Bonds of the Municipality, to be dated their date of issuance, and having such series designation or such other dated date as shall be determined by the Mayor pursuant to Section 8 hereof.

(c) "Book-Entry Form" or "Book-Entry System" means a form or system, as applicable, under which physical bond certificates in fully registered form are issued to a Depository, or to its nominee as Registered Owner, with the certificate of bonds being held by and "immobilized" in the custody of such Depository, and under which records maintained by persons, other than the Municipality or the Registration Agent, constitute the written record that identifies, and records the transfer of, the beneficial "book-entry" interests in those bonds.

(d) "Code" means the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder.

(e) "Current Expenses" means the reasonable and necessary costs of operating, maintaining, repairing and insuring the System, including the cost of salaries, wages, cost of material and supplies and insurance premiums, but shall exclude depreciation and interest expense.

(f) "Depository" means any securities depository that is a clearing agency under federal laws operating and maintaining, with its participants or otherwise, a Book-Entry System, including, but not limited to, DTC.

(g) "DTC" means the Depository Trust Company, a limited purpose company organized under the laws of the State of New York, and its successors and assigns.

(h) "DTC Participant(s)" means securities brokers and dealers, banks, trust companies and clearing corporations that have access to the DTC System.

(i) "Gross Earnings" means all revenues, rentals, earnings and income of the System from whatever source, including all revenues derived from the operation of the System, including proceeds from the sale of property; proceeds of insurance and condemnation awards and compensation for damages, to the extent not applied to the payment of the cost of repairs, replacements and improvements; and all amounts realized from the investment of funds of the System, including money in any accounts and funds created by this resolution, and resolutions authorizing any Prior Lien Obligations and resolutions authorizing any Parity Bonds or subordinate lien bonds (excluding any investment earnings from funds created to refund any outstanding bonds of the System or deposited to a construction fund established by a resolution authorizing such bonds to the extent set forth in such resolution.

(j) "Mayor" shall mean the Mayor of the Municipality.

(k) "Net Revenues" means Gross Earnings of the System, less Current Expenses, excluding any profits or losses on the sale or other disposition, not in the ordinary course of business, or investments or fixed or capital assets.

(l) "Parity Bonds" means bonds issued on a parity with the Bonds herein authorized in accordance with the restrictive provisions of this resolution.

(m) "Prior Lien Obligations" means, to the extent outstanding, the Municipality's Water and Sewer Revenue and Tax Bonds, Series 2003, Water and Sewer Revenue Bonds, Series 2008 and Water and Sewer Revenue Refunding and Improvement Bonds, Series 2011.

(n) "Refunding Escrow Agent" means _____, _____, or any successor designated by the Governing Body.

(o) "Refunding Escrow Agreement" means the Refunding Escrow Agreement, dated as of the date of the Bonds, between the Municipality and the Refunding Escrow Agent, in substantially the form of the document attached hereto as Exhibit C, subject to such changes thereto as shall be permitted by the terms of this resolution.

(p) "Refunded Indebtedness" means the maturities or portions of the maturities of the Outstanding Indebtedness designated for refunding by the Mayor pursuant to the terms hereof.

(q) "Registration Agent" means the registration and paying agent appointed by the Mayor pursuant to the terms hereof, or any successor designated by the Governing Body.

(r) "System" means the complete water and sewer system of the Municipality, together with, and including all water and sewer system properties of every nature hereafter owned by the Municipality, including all improvements and extensions made by the Municipality while the Bonds remain outstanding, and including all real and personal property of every nature comprising part of or used or useful in connection with the water and sewer system, and including all appurtenances, contracts, leases, franchises and other intangibles.

(s) "Underwriter" means Wiley Bros. -- Aintree Capital, LLC, Nashville, Tennessee.

Section 3. Findings of the Governing Body; Compliance with Debt Management Policy.

(a) In conformance with the directive of the State Funding Board of the State of Tennessee, the Municipality has heretofore adopted its Debt Management Policy. The Governing Body hereby finds that the issuance and sale of the Bonds, as proposed herein, is consistent with the Municipality's Debt Management Policy.

(b) The refunding of the Refunded Indebtedness authorized herein through the issuance of the Bonds will result in the reduction of the debt service payable by the Municipality over the term of the Refunded Indebtedness, thereby effecting a cost savings to the public.

(c) The Refunding Report of the State Director has been presented to the members of the Governing Body in connection with their consideration of this resolution and is attached hereto as Exhibit A.

Section 4. Authorization and Terms of the Bonds.

(a) For the purpose of providing funds to finance the refunding of the Refunded Indebtedness and the payment of costs incident to the issuance and sale of the Bonds, there are hereby authorized to be issued bonds, in one or more series, of the Municipality in the aggregate principal amount of not to exceed \$1,250,000. The Bonds shall be issued in one or more series, in fully registered, book-entry form (except as otherwise set forth herein), without coupons, and subject to the adjustments permitted hereunder, shall be known as "Water and Sewer Revenue and Tax Refunding Bonds", shall be dated their date of issuance, and shall have such series designation or such other dated date as shall be determined by the Mayor pursuant to the terms hereof. The Bonds shall bear interest at a rate or rates not to exceed the maximum rate permitted by applicable Tennessee law at the time of issuance of the Bonds, or any series thereof, payable (subject to the adjustments permitted hereunder) semi-annually on February 1 and August 1 in each year, commencing February 1, 2014. The Bonds shall be issued initially in \$5,000

denominations or integral multiples thereof, as shall be requested by the original purchaser thereof. Subject to the adjustments permitted pursuant to the terms hereof, the Bonds shall mature serially or be subject to mandatory redemption and shall be payable on August 1 of each year, subject to prior optional redemption as hereinafter provided, in the years 2014 through 2017, inclusive.

(b) The Bonds shall not be subject to redemption prior to their stated maturities at the option of the Municipality.

(c) Pursuant to the terms hereof, the Mayor is authorized to sell the Bonds, or any maturities thereof, as term bonds ("Term Bonds") with mandatory redemption requirements corresponding to the maturities set forth herein or as determined by the Mayor. In the event any or all the Bonds are sold as Term Bonds, the Municipality shall redeem Term Bonds on redemption dates corresponding to the maturity dates set forth herein, in aggregate principal amounts equal to the maturity amounts established pursuant to the terms hereof for each redemption date, as such maturity amounts may be adjusted pursuant to the terms hereof, at a price of par plus accrued interest thereon to the date of redemption. The Term Bonds to be redeemed within a single maturity shall be selected as follows:

If less than all of the Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such mandatory redemption date, the Municipality may (i) deliver to the Registration Agent for cancellation Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and cancelled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the Municipality on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The Municipality shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

(d) Notice of any call for redemption shall be given by the Registration Agent on behalf of the Municipality not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the

Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the Municipality nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the Municipality pursuant to written instructions from an authorized representative of the Municipality (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein.

(e) The Governing Body hereby authorizes and directs the Mayor to appoint the Registration Agent for the Bonds and hereby authorizes the Registration Agent so appointed or the Registration Agent for the Bonds to maintain Bond registration records with respect to the Bonds, to authenticate and deliver the Bonds as provided herein, either at original issuance or upon transfer, to effect transfers of the Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Bonds as provided herein, to cancel and destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer, to furnish the Municipality at least annually a certificate of destruction with respect to Bonds cancelled and destroyed, and to furnish the Municipality at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds. The Mayor is hereby authorized to execute and the City Recorder is hereby authorized to attest such written agreement between the Municipality and the Registration Agent as they shall deem necessary and proper with respect to the obligations, duties and rights of the Registration Agent. The payment of all reasonable fees and expenses of the Registration Agent for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed.

(f) The Bonds shall be payable, both principal and interest, in lawful money of the United States of America at the main office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Bonds by check or draft on each interest payment date directly to the registered owners as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by depositing said payment in the United States mail, postage prepaid, addressed to such owners at their addresses shown on said Bond registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the Municipality in respect of such Bonds to the extent of the payments so made. Payment of principal of and premium, if any, on the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable. All rates of interest specified herein shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each. In the event the Bonds are no longer registered in the name of DTC, or a successor Depository, if requested by the Owner of at least \$1,000,000 in aggregate principal amount of the Bonds, payment of interest on such Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

(g) Any interest on any Bond that is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the Municipality to the persons in whose names the Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: the Municipality shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time the Municipality shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Section provided. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which date shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered Owners. The Registration Agent shall promptly notify the Municipality of such Special Record Date and, in the name and at the expense of the Municipality, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section or in the Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the Municipality to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Bonds when due.

(h) The Bonds are transferable only by presentation to the Registration Agent by the registered owner, or his legal representative duly authorized in writing, of the registered Bond(s) to be transferred with the form of assignment on the reverse side thereof completed in full and signed with the name of the registered owner as it appears upon the face of the Bond(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Bond or the Bond to the assignee(s) in \$5,000 denominations, or integral multiples thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the publication of notice calling such Bond for redemption has been made, nor to transfer or exchange any Bond during the period following the receipt of instructions from the Municipality to call such Bond for redemption; provided, the Registration Agent, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Bond, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Municipality nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bonds shall be overdue. The Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in any authorized denomination or denominations.

(i) The Bonds shall be executed in such manner as may be prescribed by applicable law, in the name, and on behalf, of the Municipality with the signature of the Mayor and the attestation of the City Recorder.

(j) Except as otherwise provided in this resolution, the Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. References in this Section to a Bond or the Bonds shall be construed to mean the Bond or the Bonds that are held under the Book-Entry System. One Bond for each maturity shall be issued to DTC and immobilized in its custody or a custodian of DTC. The Bond Registrar is a custodian and agent for DTC, and the Bond will be immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Bonds in authorized denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Bonds. Beneficial ownership interests in the Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive the Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its Bonds. Transfers of ownership interests in the Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE BONDS, THE REGISTRATION AGENT SHALL TREAT CEDE & CO. AS THE ONLY HOLDER OF THE BONDS FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE REGISTRATION AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS RESOLUTION.

Payments of principal, interest, and redemption premium, if any, with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid by the Registration Agent directly to DTC or its nominee, Cede & Co., as provided in the Letter of Representation relating to the Bonds from the Municipality and the Registration Agent to DTC (the "Letter of Representation"). DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. The Municipality and the Registration Agent shall not be responsible or liable for payment by DTC or DTC Participants for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (1) DTC determines not to continue to act as securities depository for the Bonds, or (2) the Municipality determines that the continuation of the Book-Entry System of evidence and transfer of ownership of the Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Bonds, then the Municipality shall discontinue the Book-Entry System with DTC or, upon request of such original purchaser, deliver the Bonds to the original purchaser in the form of fully-registered Bonds, as the case may be. If the Municipality fails to identify another qualified securities depository to replace DTC, the Municipality shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully-registered Bonds to each Beneficial Owner. If the purchaser(s) certifies that it intends to hold the Bonds for its own account, then the Municipality may issue certificated Bonds without the utilization of DTC and the Book-Entry System.

THE MUNICIPALITY AND THE REGISTRATION AGENT SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE BONDS; (ii) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (iii) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; (iv) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL

OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS RESOLUTION TO BE GIVEN TO BENEFICIAL OWNERS; (v) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (vi) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR ITS NOMINEE, CEDE & CO., AS OWNER.

(k) The Registration Agent is hereby authorized to take such action as may be necessary from time to time to qualify and maintain the Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Bonds and provision of notices with respect to Bonds registered by DTC (or any of its designees identified to the Registration Agent) by overnight delivery, courier service, telegram, telecopy or other similar means of communication. No such arrangements with DTC may adversely affect the interest of any of the owners of the Bonds; provided, however, that the Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this Section.

(l) The Registration Agent is hereby authorized to authenticate and deliver the Bonds to the original purchaser, upon receipt by the Municipality of the proceeds of the sale thereof and to authenticate and deliver Bonds in exchange for Bonds of the same principal amount delivered for transfer upon receipt of the Bond(s) to be transferred in proper form with proper documentation as hereinabove described. The Bonds shall not be valid for any purpose unless authenticated by the Registration Agent by the manual signature of an officer thereof on the certificate set forth herein on the Bond form.

(m) In case any Bond shall become mutilated, or be lost, stolen, or destroyed, the Municipality, in its discretion, shall issue, and the Registration Agent, upon written direction from the Municipality, shall authenticate and deliver, a new Bond of like tenor, amount, maturity and date, in exchange and substitution for, and upon the cancellation of, the mutilated Bond, or in lieu of and in substitution for such lost, stolen or destroyed Bond, or if any such Bond shall have matured or shall be able to mature, instead of issuing a substituted Bond the Municipality may pay or authorize payment of such Bond without surrender thereof. In every case, the applicant shall furnish evidence satisfactory to the Municipality and the Registration Agent of the destruction, theft or loss of such Bond, and indemnify satisfactory to the Municipality and the Registration Agent; and the Municipality may charge the applicant for the issue of such new Bond an amount sufficient to reimburse the Municipality for the expense incurred by it in the issue thereof.

Section 5. Source of Payment. The Bonds are payable primarily from and secured by a pledge of the Net Revenues of the System, subject to the prior pledge thereof in favor of the Prior Lien Obligations and any bonds hereafter issued on parity therewith. In the event the Net Revenues are insufficient to pay debt service on the Bonds, the Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the Municipality. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, the full faith and credit of the Municipality are hereby irrevocably pledged.

Section 6. Form of Bonds. The Bonds shall be in substantially the following form, the omissions to be appropriate completed when the Bonds are prepared and delivered:

(Form of Bond)

REGISTERED
Number _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TENNESSEE
COUNTY OF SUMNER
CITY OF GALLATIN, TENNESSEE
WATER AND SEWER REVENUE AND TAX REFUNDING BONDS, SERIES 2013

Interest Rate: Maturity Date: Date of Bond: CUSIP No.:

Registered Owner:

Principal Amount:

FOR VALUE RECEIVED, the City of Gallatin, Tennessee (the "Municipality") hereby promises to pay to the registered owner hereof, hereinabove named, or registered assigns, in the manner hereinafter provided, the principal amount hereinabove set forth on the maturity date hereinabove set forth (or upon earlier redemption as set forth herein), and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on said principal amount at the annual rate interest hereinabove set forth from the date hereof until said maturity date or redemption date, said interest being payable on February 1, 2014, and semi-annually thereafter on the first day of February and August in each year until this Bond matures or is redeemed. The principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the principal corporate trust office of _____, _____, as registration and agent and paying agent (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Bond on each interest payment date directly to the registered owner hereof shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by check or draft mailed to such owner at such owner's address shown on said Bond registration records, without, except for final payment, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the Municipality to the extent of the payments so made. Any such interest not so punctually paid or duly provided for on any interest payment date shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on the date (the "Special Record Date") for payment of such defaulted interest to be fixed by the Registration Agent, notice of which shall be given to the owners of the Bonds of the issue of which this Bond is one not less than ten (10) days prior to such Special Record Date. Payment of principal of [and premium, if any, on] this Bond shall be made when due upon presentation and surrender of this Bond to the Registration Agent.

Except as otherwise provided herein or in the Resolution, as hereinafter defined, this Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds of the series of which this Bond is one. One Bond for each maturity of the Bonds shall be issued to DTC and immobilized in its custody. A book-entry system shall be employed, evidencing ownership of the Bonds in \$5,000 denominations, or multiples thereof, with transfers of beneficial ownership effected on the records of DTC and the DTC

Participants, as defined in the Resolution, pursuant to rules and procedures established by DTC. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, the Municipality and the Registration Agent shall treat Cede & Co. as the only owner of the Bonds for all purposes under the Resolution, including receipt of all principal and maturity amounts of, premium, if any, and interest on the Bonds, receipt of notices, voting and requesting or taking or not taking, or consenting to, certain actions hereunder. Payments of principal, maturity amounts, interest, and redemption premium, if any, with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid directly to DTC or its nominee, Cede & Co. DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners, as defined in the Resolution. Neither the Municipality nor the Registration Agent shall be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants. In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) the Municipality determines that the continuation of the book-entry system of evidence and transfer of ownership of the Bonds would adversely affect its interests or the interests of the Beneficial Owners of the Bonds, the Municipality may discontinue the book-entry system with DTC. If the Municipality fails to identify another qualified securities depository to replace DTC, the Municipality shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully-registered Bonds to each Beneficial Owner. Neither the Municipality nor the Registration Agent shall have any responsibility or obligations to DTC Participant or any Beneficial Owner with respect to (i) the Bonds; (ii) the accuracy or any records maintained by DTC or any DTC Participant; (iii) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal or maturity amounts of and interest on the Bonds; (iv) the delivery or timeliness of delivery by DTC or any DTC Participant of any notice due to any Beneficial Owner that is required or permitted under the terms of the Resolution to be given to Beneficial Owners; (v) the selection of Beneficial Owners to receive payments in the event of any partial redemption of the Bonds; or (vi) any consent given or other action taken by DTC, or its nominee, Cede & Co., as owner.

[The Bonds of the issue of which this Bond is one shall not be subject to redemption prior to maturity at the option of the Municipality.]

[Subject to the credit hereinafter provided, the Municipality shall redeem Bonds maturing _____ on the redemption dates set forth below opposite the maturity dates, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. DTC, as securities depository for the series of Bonds of which this Bond is one, or such Person as shall then be serving as the securities depository for the Bonds, shall determine the interest of each Participant in the Bonds to be redeemed using its procedures generally in use at that time. If DTC or another securities depository is no longer serving as securities depository for the Bonds, the Bonds to be redeemed within a maturity shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall select. The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

<u>Final Maturity</u>	<u>Redemption Date</u>	<u>Principal Amount of Bonds Redeemed</u>
-----------------------	------------------------	---

*Final Maturity

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the Municipality may (i) deliver to the Registration Agent for cancellation Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and cancelled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the Municipality on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The Municipality shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.]

Notice of any call for redemption shall be given by the Registration Agent not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which proper notice was given. As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the Municipality nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant will not affect the validity of such redemption. From and after any redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and it notice has been duly provided as set forth in the Resolution, as hereafter defined.

This Bond is transferable by the registered owner hereof in person or by such owner's attorney duly authorized in writing at the principal corporate trust office of the Registration Agent set forth on the front side hereof, but only in the manner, subject to limitations and upon payment of the charges provided in the Resolution, as hereafter defined, and upon surrender and cancellation of this Bond. Upon such transfer, a new Bond or Bonds of authorized denominations of the same maturity and interest rate for the same aggregate principal amount will be issued to the transferee in exchange therefor. The person in whose name this Bond is registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Municipality nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bond shall be overdue. Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in authorized denomination or denominations, upon the terms set forth in the Resolution. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular Record Date or Special Record Date and ending on the corresponding interest payment date of such Bond.

This Bond is one of a total authorized issue aggregating \$ _____ and issued by the Municipality to finance the refunding of the Municipality's outstanding Water and Sewer Revenue and Tax Refunding Bonds, Series 2004, dated March 17, 2004; and the issuance costs of the Bonds, pursuant to 9-21-101, et seq., Tennessee Code Annotated, as amended, and pursuant to a resolution adopted by the City Council of the Municipality on September 3, 2013 (the "Resolution").

The Bonds are payable primarily from and secured by a pledge of the Net Revenues of the System, subject to the prior pledge thereof in favor of the Municipality's outstanding Water and Sewer Revenue and Tax Bonds, Series 2003, Water and Sewer Revenue Bonds, Series 2008 and Water and Sewer Revenue Refunding and Improvement Bonds, Series 2011, and any bonds hereafter issued on parity therewith. In the event the Net Revenues are insufficient to pay debt service on the Bonds, the Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the Municipality. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, the full faith and credit of the Municipality are hereby irrevocably pledged.

This Bond and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on interest on the Bond during the period the Bond is held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Bond in Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

It is hereby certified, recited, and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond exist, happen and be performed precedent to and in the issuance of this Bond 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 indebtedness of the Municipality, does not exceed any limitation prescribed by the constitution and statutes of the State of Tennessee.

IN WITNESS WHEREOF, the Municipality has caused this Bond to be signed by its Mayor and attested by its City Recorder under the corporate seal of the Municipality, all as of the date hereinabove set forth.

CITY OF GALLATIN, TENNESSEE

By: _____
Mayor

(SEAL)

ATTESTED:

City Recorder

Transferable and payable at the principal corporate trust office of: _____

Date of Registration: _____

This Bond is one of the issue of Bonds issued pursuant to the Resolution hereinabove described.

Registration Agent

By: _____
Authorized Officer

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____, whose address is _____ (Please insert Federal Identification or Social Security Number of Assignee _____), the within Bond of City of Gallatin, Tennessee, and does hereby irrevocably constitute and appoint _____, attorney, to transfer the said Bond on the records kept for registration thereof with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of a Medallion Program acceptable to the Registration Agent

Section 7. Pledge of Net Revenues and Levy of Tax. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, there is hereby pledged for such payment the Net Revenues derived from the operation of the System, subject to prior pledges of such Net Revenues in favor of the Prior Lien Obligations and any bonds hereafter issued on parity therewith, in amounts not exceeding the amounts required to make such payments as they come due. In the event of a deficiency in such Net Revenues for the purposes herein provided, the Municipality, through its Governing Body, shall annually levy and collect a tax upon all taxable property within the Municipality, in addition to all other taxes authorized by law, sufficient to pay principal of, premium, if any, and interest on the Bonds when due, and for that purpose there is hereby levied a direct annual tax in such amount as may be found necessary each year to pay principal, premium, if any, and interest coming due on the Bonds in said year;

provided, however, that the tax so levied in any year may be proportionately reduced by the amount of money actually on hand from the Net Revenues of the System and available for the payment of such principal, premium, if any, and interest. Principal, premium, if any, and interest falling due at any time when there are insufficient funds from this tax levy on hand shall be paid from the current funds of the Municipality and reimbursement therefor shall be made out of the taxes hereby provided to the levied when the same shall have been collected. The tax herein provided may be reduced to the extent of direct appropriations from the general funds of the Municipality to the payment of debt service on the Bonds.

Section 8. Equality of Lien; Prohibition of Prior Lien; Parity Bonds. The punctual payment of principal of, premium, if any, and interest on the Bonds shall be secured equally and ratably by the Net Revenues of the System without priority by reason of number or time of sale or execution or delivery, and, subject to the payment of Prior Lien Obligations and any bonds hereafter issued on parity therewith, the Net Revenues of the System are hereby irrevocably pledged to the punctual payment of such principal, premium, if any, and interest as the same become due.

The Municipality may issue additional bonds or obligations payable from and enjoying a lien on the Gross Earnings of the System on parity with the Prior Lien Obligations.

Additional bonds, notes and other debt obligations may hereafter be issued on parity with the Bonds under the following conditions but not otherwise:

(a) Additional bonds may be issued on a parity with the Bonds without regard to the requirements of subsection (b) of this Section if such bonds shall be issued for the purpose of refunding any of the Bonds or Parity Bonds which shall have matured or which shall mature not later than three months after the date of delivery of such refunding bonds.

(b) Additional bonds, notes and other debt obligations may be issued on a parity with the Bonds if all of the following conditions are met:

(i) The Net Revenues of the System for any twelve (12) consecutive months during the eighteen (18) months immediately preceding the issuance of the additional bonds, notes and other debt obligations must have been equal to 1.20 times the maximum annual interest and principal requirements for any succeeding fiscal year on all bonds, notes and other debt obligations then outstanding payable from the Gross Earnings of the System (but excluding any bonds, notes and other debt obligations to be refunded from the proceeds of such bonds, notes and other debt obligations proposed to be issued) and the bonds, notes and other debt obligations so proposed to be issued; provided, however, that if prior to the authorization of such additional bonds, notes and other debt obligations the Municipality shall have adopted and put into effect a revised schedule of rates for the System or expanded the System (or will expand the System in connection with the issuance of the additional bonds) so that its capacity is increased, then the Net Revenues for the twelve (12) months of the eighteen (18) months immediately preceding the issuance of such additional bonds, notes and other debt obligations, as certified by an independent engineer or engineering firm with a favorable reputation for skill and experience in the design and operation of water and sewer systems or a nationally recognized firm of financial feasibility consultants having a favorable reputation for skill and experience in the financial feasibility of water and sewer systems, which would have resulted from such rates had they been in effect for such period or would have resulted from such additional capacity, may be used in lieu of the actual Net Revenues for such period;

(ii) No default in the payment of principal of and interest on the Bonds and any Parity Bonds shall have occurred; and

(iii) The proceeds of the additional bonds, notes or other debt obligations must be used solely for the making of improvements, extensions, renewals or replacements to the System, or to refund Bonds, any Parity Bonds or subordinate lien bonds or notes.

Section 9. Charges for Services Supplied by the System. While the Bonds and any Parity Bonds remain outstanding and unpaid, the Municipality covenants and agrees that it will permit no free service to be furnished to any consumer or user whatsoever, and the charges for all services supplied through the medium of the System to the Municipality and its residents and to all consumers shall be reasonable and just, taking into account and consideration the cost and value of the System and the cost of maintaining, operating, repairing, and insuring the System, and the proper and necessary allowances for the depreciation thereof, and the amounts necessary for the payment of principal of, premium, if any, and interest on all bonds and other obligations payable from such Net Revenues, and there shall be charged against all users of the services of the System such rates and amounts as shall be fully adequate to meet the debt service requirements of the Bonds.

Section 10. Sale of Bonds.

(a) The Bonds or any emission thereof shall be sold by negotiated sale to the Underwriter, at a price of not less than 98% of par, plus accrued interest, as shall be determined by the Mayor. The Mayor is authorized to execute a Bond Purchase Agreement with the Underwriter, detailing the terms of the sale. The Bond Purchase Agreement shall be in substantially in the form attached hereto as Exhibit B, together with such changes and may be approved by the Mayor consistent with the terms hereof. The sale of the Bonds, or any emission thereof, to the Underwriter shall be binding on the Municipality and no further action of the Governing Body with respect thereto shall be required.

(b) If the Bonds are sold in more than one series, the Mayor is authorized to cause to be sold in each series an aggregate principal amount of Bonds less than that shown in Section 4 hereof for each series, so long as the total aggregate principal amount of all series issued does not exceed the total aggregate of Bonds authorized to be issued herein.

(c) The Mayor is further authorized with respect to each series of Bonds to:

(1) change the dated date of the Bonds, or any series thereof, to a date other than the date of issuance of the Bonds;

(2) change the designation of the Bonds, or any series thereof, to a designation other than "Water and Sewer Revenue and Tax Refunding Bonds" and to specify the series designation of the Bonds, or any series thereof;

(3) change the first interest payment date on the Bonds, or any series thereof, to a date other than February 1, 2014, provided that such date is not later than twelve months from the dated date of such series of Bonds;

(4) adjust the principal and interest payment dates and the maturity amounts of the Bonds, or any series thereof, provided that (A) the total principal amount of all series of the Bonds does not exceed the total amount of Bonds authorized herein; and (B) the final maturity date of each series shall not exceed the final maturity described in Section 4 hereof.

(5) adjust or remove the Municipality's optional redemption provisions of the Bonds, provided that the premium amount to be paid on Bonds or any series thereof does not exceed two percent (2%) of the principal amount thereof;

(6) refund less than all of the Outstanding Indebtedness;

(7) sell the Bonds, or any series thereof, or any maturities thereof as Term Bonds with mandatory redemption requirements corresponding to the maturities set forth herein or as otherwise determined by the Mayor, as he shall deem most advantageous to the Municipality; and

(8) cause all or a portion of the Bonds to be insured by a bond insurance policy issued by a nationally recognized bond insurance company if such insurance is requested and paid for by the winning bidder of the Bonds, or any series thereof.

The form of the Bond set forth in Section 6 hereof shall be conformed to reflect any changes made pursuant to this Section 8 hereof.

(d) The Mayor is authorized to sell the Bonds, or any series thereof, simultaneously with any other bonds or notes authorized by resolution or resolutions of the Governing Body. The Mayor is further authorized to sell the Bonds, or any series thereof, as a single issue of bonds with any other bonds with substantially similar terms authorized by resolution or resolutions of the Governing Body, in one or more series as the Mayor shall deem to be advantageous to the Municipality and in doing so, the Mayor is authorized to change the designation of the Bonds to a designation other than "Water and Sewer Revenue and Tax Refunding Bonds"; provided, however, that the total aggregate principal amount of combined bonds to be sold does not exceed the total aggregate principal amount of Bonds authorized by this resolution or bonds authorized by any other resolution or resolutions adopted by the Governing Body.

(e) The Mayor and City Recorder are authorized to cause the Bonds, in book-entry form (except as otherwise permitted herein), to be authenticated and delivered by the Registration Agent to the Underwriter and to execute, publish, and deliver all certificates and documents, including an official statement and closing certificates, as they shall deem necessary in connection with the sale and delivery of the Bonds. The Mayor is hereby authorized to enter into a contract with Bass, Berry & Sims PLC to serve as bond counsel in connection with the Bonds.

Section 11. Disposition of Bond Proceeds. The proceeds of the sale of the Bonds shall be disbursed as follows:

(a) all accrued interest, if any, shall be deposited to the appropriate fund of the Municipality to be used to pay interest on the Bonds on the first interest payment date following delivery of the Bonds;

(b) an amount sufficient, together with such other Municipality funds as may be identified by the Mayor and, if applicable, investment earnings on the foregoing, to refund the Refunded Indebtedness shall be applied to the refunding thereof by depositing such funds with the Escrow Agent and/or paying such funds directly to the holders (or paying agents or trustees for the holders) of the Refunded Indebtedness.

(c) the remainder of the proceeds of the sale of the Bonds shall be used to pay costs of issuance of the Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, Registration Agent fees, bond insurance premiums, if any, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds.

Section 12. Official Statement. The officers of the Municipality, or any of them, are hereby authorized and directed to provide for the preparation and distribution of a Preliminary Official Statement

describing the Bonds. After bids have been received and the Bonds have been awarded, the officers of the Municipality, or any of them, shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The officers of the Municipality, or any of them, shall arrange for the delivery to the successful bidder on the Bonds of a reasonable number of copies of the Official Statement within seven business days after the Bonds have been awarded for delivery, by the successful bidder on the Bonds, to each potential investor requesting a copy of the Official Statement and to each person to whom such bidder and members of his bidding group initially sell the Bonds.

The Mayor and the City Recorder, or either of them, are authorized, on behalf of the Municipality, to deem the Preliminary Official Statement and the Official Statement in final form, each to be final as of its date within the meaning of Rule 15c2-12(b)(1), except for the omission in the Preliminary Official Statement of certain pricing and other information allowed to be omitted pursuant to such Rule 15c2-12(b)(1). The distribution of the Preliminary Official Statement and the Official Statement in final form shall be conclusive evidence that each has been deemed in final form as of its date by the Municipality except for the omission in the Preliminary Official Statement of such pricing and other information.

Notwithstanding the foregoing, no Official Statement is required to be prepared if the Bonds, or any series thereof, are purchased by a purchaser that certifies that such purchaser intends to hold the Bonds, or any series thereof, for its own account and has no present intention to reoffer the Bonds, or any series thereof.

Section 13. Refunding Escrow Agreement. For the purpose of providing for the payment of the principal of and premium, if any, and interest on the Refunded Indebtedness, the Mayor is hereby authorized and directed to execute and the City Recorder to attest on behalf of the Municipality the Refunding Escrow Agreement with the Escrow Agent and to deposit with the Escrow Agent the amounts to be used by the Escrow Agent to purchase Government Securities as provided therein; provided, however, that the yield on such investments shall be determined in such manner that none of the Bonds will be an "arbitrage bond" within the meaning of Section 148(a) of the Code. The form of the Refunding Escrow Agreement presented to this meeting and attached hereto as Exhibit C is hereby in all respects approved and the Mayor and the City Recorder are hereby authorized and directed to execute and deliver same on behalf of the Municipality in substantially the form thereof presented to this meeting, or with such changes as may be approved by the Mayor and the City Recorder, their execution thereof to constitute conclusive evidence of their approval of all such changes, including modifications to the Refunding Escrow Agreement. The Escrow Agent is hereby authorized and directed to hold and administer all funds deposited in trust for the payment when due of principal of and premium, if any, and interest on the Refunded Indebtedness and to exercise such duties as set forth in the Refunding Escrow Agreement.

Section 14. Redemption and Prepayment of the Refunded Indebtedness. The Mayor and the City Recorder, or either of them, are hereby authorized and directed to take all steps necessary to prepay or redeem the Refunded Indebtedness at their earliest possible prepayment or redemption date, including the giving of and publication of any prepayment or redemption notice as required by the resolutions authorizing the issuance of the Refunded Indebtedness.

Section 15. Discharge and Satisfaction of Bonds. If the Municipality shall pay and discharge the indebtedness evidenced by any series of the Bonds in any one or more of the following ways, to wit:

(a) By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Bonds as and when the same become due and payable;

(b) By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers (an "Agent"; which agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Federal Obligations, as hereafter defined, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice);

(c) By delivering such Bonds to the Registration Agent for cancellation by it;

and if the Municipality shall also pay or cause to be paid all other sums payable hereunder by the Municipality with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Escrow Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the Municipality to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

If the Municipality shall pay and discharge the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Federal Obligations deposited as aforesaid.

Except as otherwise provided in this Section, neither Federal Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Federal Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Federal Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Municipality as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Federal Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Municipality, as received by the Registration Agent. For the purposes of this Section, Federal Obligations shall direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, obligations of any agency or instrumentality of the United States or any other obligations at the time of the purchase thereof are permitted investments under Tennessee Law for the purposes described in this Section, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

Section 16. Federal Tax Matters Related to the Bonds.

(a) The Bonds will be issued as federally tax-exempt bonds. The Municipality hereby covenants that it will not use, or permit the use of, any proceeds of the Bonds in a manner that would cause the Bonds to be subjected to treatment under Section 148 of the Code, and applicable regulations thereunder, as an "arbitrage bond". To that end, the Municipality shall comply with applicable

regulations adopted under said Section 148. The Municipality further covenants with the registered owners from time to time of the Bonds that it will, throughout the term of the Bonds and through the date that the final rebate, if any, must be made to the United States in accordance with Section 148 of the Code, comply with the provisions of Sections 103 and 141 through 150 of the Code and all regulations proposed and promulgated thereunder that must be satisfied in order that interest on the Bonds shall be and continue to be excluded from gross income for federal income tax purposes under Section 103 of the Code.

(b) The Governing Body hereby delegates to the Mayor the authority to designate, and determine whether to designate, the Bonds as “qualified tax-exempt obligations,” as defined in Section 265 of the Code, to the extent the Bonds are not deemed designated as such and may be designated as such.

(c) The appropriate officers of the Municipality are authorized and directed, on behalf of the Municipality, to execute and deliver all such certificates and documents that may be required of the Municipality in order to comply with the provisions of this Section related to the issuance of the Bonds and to administer the Municipality’s Federal Tax Compliance Policies and Procedures with respect to the Bonds.

Section 17. Continuing Disclosure. The Municipality hereby covenants and agrees that it will provide annual financial information and material event notices if and as required by Rule 15c2-12 of the Securities Exchange Commission for the Bonds. The Mayor is authorized to execute at the Closing of the sale of the Bonds an agreement for the benefit of and enforceable by the owners of the Bonds specifying the details of the financial information and material event notices to be provided and its obligations relating thereto. Failure of the Municipality to comply with the undertaking herein described and to be detailed in said closing agreement shall not be a default hereunder, but any such failure shall entitle the owner or owners of any of the Bonds to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause the Municipality to comply with their undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

Section 18. Resolution a Contract. The provisions of this resolution shall constitute a contract between the Municipality and the registered owners of the Bonds, and after the issuance of the Bonds, no change, variation or alteration of any kind in the provisions of this resolution shall be made in any manner until such time as the Bonds and interest due thereon shall have been paid in full.

Section 19. Separability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

Section 20. Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof in conflict with the provisions of this resolution, are, to the extent of such conflict, hereby repealed and this resolution shall be in immediate effect from and after its adoption.

Duly adopted and approved on August 20, 2013.

Mayor

Attested:

City Recorder

STATE OF TENNESSEE)

COUNTY OF SUMNER)

I, Connie Kittrell, certify that I am the duly qualified and acting City Recorder of City of Gallatin, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a meeting of the governing body of the Municipality held on August 20, 2013; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original record relates to the Municipality's Water and Sewer Revenue and Tax Refunding Bonds.

WITNESS my official signature and seal of said Municipality on _____, 20__.

City Recorder

(SEAL)

EXHIBIT A

REPORT ON PLAN OF REFUNDING OF DIRECTOR OF STATE AND LOCAL FINANCE

EXHIBIT B

FORM OF BOND PURCHASE AGREEMENT

GALLATIN, TENNESSEE

\$ _____ WATER AND SEWER REVENUE AND TAX REFUNDING BONDS, SERIES
2013

BOND PURCHASE AGREEMENT

_____, 2013

City of Gallatin, Tennessee
132 West Main Street
Gallatin, TN 37066

Ladies and Gentlemen:

The undersigned, Wiley Bros. – Aintree Capital, LLC, Nashville, Tennessee (the "Underwriter"), offers to enter into the following agreement with the City of Gallatin, Tennessee (the "City"), which, upon the City's acceptance and approval hereof, will be binding upon the City and upon the Underwriter. This offer is made subject to acceptance by the City, by execution of this Bond Purchase Agreement and its delivery to the Underwriter, on or before 11:59 p.m. central time on the date hereof, and, if not so accepted, will be thereafter subject to withdrawal by the Underwriter upon written notice delivered to the City at any time prior to acceptance by the City.

Capitalized terms used herein and not defined herein shall have the meanings given them in the Resolution (as hereinafter defined).

1. Purchase and Sale of the Bonds.

(a) Upon the basis of the representations, warranties, covenants and agreements herein contained, but subject to the terms and conditions herein set forth, the Underwriter hereby agrees to purchase from the City for offering to the public, and the City hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of \$ _____ in aggregate principal amount of Water and Sewer Revenue and Tax Refunding Bonds, Series 2013, dated their delivery date (the "Bonds") at the purchase price of \$ _____ (consisting of the aggregate principal amount of the Bonds, less underwriter's discount of \$ _____, plus original issue premium of \$ _____). The Bonds shall bear interest, shall mature, shall be redeemable and shall otherwise be as described in Exhibit A attached hereto and incorporated herein by reference.

(b) The Bonds shall be issued and secured under the provisions of a resolution adopted on _____ (the "Resolution"), by the Board of Mayor and Aldermen of the City (the "Board"), providing for the issuance of the Bonds pursuant to Sections 9-21-101 et seq., Tennessee Code Annotated, as amended, and other applicable provisions of law. The proceeds to be received by the City from the sale of the Bonds are for the purpose of providing funds to (i) refund the City's outstanding Water and Sewer Revenue and Tax Refunding Bonds, Series 2004, dated March 17, 2004 (the "Refunded Bonds"), and (ii) fund pay costs of issuing the Bonds.

(c) After acceptance of this offer by the City, the Underwriter agrees to make a bona fide public offering of all the Bonds at prices not in excess of the initial public offering prices

(which may be expressed in terms of yield) set forth on the cover page of the Official Statement, dated the date hereof (the "Official Statement"). The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts) at prices lower than such initial public offering prices in the sole discretion of the Underwriter. Subsequent to such initial public offering, the Underwriter reserves the right to change the public offering prices as it may deem necessary in connection with the marketing of the Bonds.

(d) At the time of the City's acceptance hereof (or as soon as reasonably practicable thereafter, but no later than the Closing (as hereinafter defined)), the City shall have delivered, or caused to be delivered, to the Underwriter: (i) a certified copy of the Resolution; and (ii) a copy of the Official Statement, manually signed on behalf of the City by the President and Secretary of the Board.

(e) The City authorizes the Underwriter to use copies of the Official Statement and the information contained therein in connection with the public offering and sale of the Bonds and agrees not to supplement or amend, or cause to be supplemented or amended, the Official Statement, at any time prior to the Closing, without the consent of the Underwriter. The City ratifies and confirms the use by the Underwriter, prior to the date hereof in connection with the public offering of the Bonds, of the Preliminary Official Statement of the City relating to the Bonds, dated _____, 2013, which with any and all appendices, exhibits, maps, reports and summaries included therein is hereinafter called the "Preliminary Official Statement".

(f) As of its date, the Preliminary Official Statement has been "deemed final" (except for permitted omissions) by the City for purposes of Rule 15c2-12(b)(1) of the Securities and Exchange Commission. The City will deliver, or cause to be delivered, to the Underwriter, promptly after the acceptance hereof, but in any event within seven (7) days of the date hereof, copies of the Official Statement, sufficient to enable the Underwriter to comply with the requirements of Rule 15c2-12 of the Securities Exchange Commission (and the related rules of the Municipal Securities Rulemaking Board).

2. Closing. At 11:00 a.m., central time, on _____, 2013, or at such other time or date as shall have been mutually agreed upon by the City and the Underwriter, the City will deliver, or cause to be delivered, to the Underwriter, or such agent as it shall designate, the Bonds, in book-entry form, duly executed on the City's behalf, together with the other documents hereinafter mentioned, and the Underwriter will accept, or cause to be accepted, such delivery and pay to the City the purchase price of the Bonds in the amount set forth in Section 1 hereof by wire transfer payable in immediately available funds or such other medium of payment as shall be acceptable to the City. Payment for the Bonds as aforesaid shall be made at the offices of Bass, Berry & Sims PLC, Nashville, Tennessee and delivery of the Bonds shall be made through Depository Trust Company, New York, New York, or at such other location mutually acceptable to the parties. Such payment and delivery is herein called the "Closing" and the date of the Closing is herein called the "Closing Date". The Bonds shall be issued initially in \$5,000 denominations or integral multiples thereof as shall be requested by the Underwriter, shall be issued in fully registered book-entry form, without coupons, and shall bear interest at the rates per annum set forth on the attached Exhibit A, payable semi-annually on February 1 and August 1 of each year, commencing February 1, 2014. The Bonds shall bear CUSIP numbers, shall be registered in such names and in such denominations as shall be designated in writing by the Underwriter to the City or _____, the registration and paying agent for the Bonds (the "Registration Agent"), and shall be duly authenticated by the Registration Agent. The Underwriter hereby instructs that the Bonds be delivered at Closing through The Depository Trust Company's "FAST Program".

3. Representations, Warranties and Covenants of the City. The City, by its acceptance hereof, represents, warrants and covenants to the Underwriter that:

(a) The Resolution has not been amended, restated or supplemented since its adoption;

(b) The City has and had, as the case may be, full legal right, power and authority to (i) adopt the Resolution and execute and deliver the Official Statement and this Bond Purchase Agreement (ii) issue, sell and deliver the Bonds to the Underwriter as provided in this Bond Purchase Agreement, the Official Statement and the Resolution, and (iii) carry out and consummate all other transactions contemplated by the aforesaid instruments;

(c) The City has (i) duly adopted the Resolution, (ii) duly authorized the execution, delivery and performance of this Bond Purchase Agreement and the Bonds, (iii) duly authorized the execution, delivery and distribution of the Official Statement, and (iv) duly authorized the taking of any and all such action as may be required on the part of the City to carry out, give effect to and consummate the transactions contemplated by the aforesaid instruments;

(d) The City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order for the Underwriter (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for the distribution of the Bonds; provided, however, that in no event shall the City be required to take any action which would subject it to general or unlimited service of process in any jurisdiction in which it is not now so subject;

(e) If between the date of this Bond Purchase Agreement and the "end of the underwriting period," as defined in Rule 15c2-12 of the Securities and Exchange Commission, an event occurs, of which the City has knowledge, which might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the City will notify the Underwriter and, if such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will, at its expense, amend or supplement the Official Statement in a form and in a manner approved by the Underwriter;

(f) The City has not incurred any material liabilities, direct or contingent, nor has there been any material adverse change in the financial position, results of operations or condition, financial or otherwise, of the City since June 30, 2013, which is not described in the Official Statement, whether or not arising from transactions in the ordinary course of business;

(g) Between the date hereof and the date of the Closing, the City will not, without the prior written consent of the Underwriter, except as described in or contemplated by the Official Statement, incur any material liabilities, direct or contingent, other than in the ordinary course of business;

(h) To the extent permitted by law, the City agrees to indemnify and hold harmless the Underwriter and each person, if any, who controls (as such term is defined in Section 15 of the Securities Act of 1933, as amended) the Underwriter and the officers, agents and employees of the Underwriter against any and all losses, claims, damages, liabilities and expenses:

(i) arising out of any statement or information in the Official Statement, relating to the City that is or is alleged to be untrue or incorrect in any material respect or the omission or alleged omission therefrom of any statement or information that should be stated therein or that is necessary to make the statements therein relating to the City not misleading in any material respect, and

(ii) to the extent of the aggregate amount paid in settlement of any litigation commenced or threatened arising from a claim based upon any such untrue statement or omission if such settlement is effected with the written consent of the City;

provided, however, that the indemnity agreement contained in this Subsection shall not inure to the benefit of the Underwriter (or to the benefit of any person controlling the Underwriter), if the Underwriter failed to send or give a copy of the Official Statement to such person claiming such loss, damage, liability or expense at or prior to the written confirmation of the sale of Bonds to such person and the Underwriter was required by law to send or give such Official Statement.

In case any claim shall be made or action brought against the Underwriter or any controlling person based upon the Official Statement for which indemnity may be sought against the City, as provided above, the Underwriter shall promptly notify the City in writing setting forth the particulars of such claim or action and the City shall assume the defense thereof, including the retaining of counsel acceptable to the Underwriter and the payment of all expenses. The Underwriter or any such controlling person shall have the right to retain separate counsel in any such action but shall bear the fees and expenses of such counsel unless (i) the City shall have specifically authorized the retaining of such counsel or (ii) the parties to such suit include such Underwriter or controlling person or persons, and the City and such Underwriter or controlling person or persons have been advised by such counsel that one or more legal defenses may be available to it or them which may not be available to the City, in which case the City shall not be entitled to assume the defense of such suit notwithstanding its obligation to bear the fees and expenses of such counsel.

(i) All the certifications required to be made by the City pursuant to Section 4 hereof are true and correct as of the date hereof.

(j) Any certificate signed by any official or Commissioner of the City which purports to be signed on behalf of the City and which is delivered to the Underwriter shall be deemed to be a representation and warranty by the City to the Underwriter as to the truth of the statements made therein.

(k) For purposes of compliance with Rule 15c2-12, the City will undertake, pursuant to the Resolution and a Continuing Disclosure Agreement, to provide notices of the occurrence of certain events, if material under federal securities laws, and certain financial information. A description of these undertakings is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

4. Conditions of Closing. The obligations of the Underwriter hereunder shall be subject to the performance by the City of its obligations to be performed hereunder at or prior to the Closing, to the

accuracy of and compliance with the representations, warranties and covenants of the City herein, in each case as of the time of delivery of this Bond Purchase Agreement and as of the Closing, and, in the discretion of the Underwriter, to the following:

(a) at the Closing, (i) the Resolution shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and the City shall have executed and there shall be in full force and effect such additional agreements, and there shall have been taken in connection therewith and in connection with the issuance of the Bonds all such action as shall, in the opinion of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel ("Bond Counsel") and the Underwriter, be necessary in connection with the transactions contemplated hereby, (ii) the Bonds shall have been duly authorized, executed and delivered as provided herein, (iii) the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and (iv) the City shall perform or have performed all of its obligations under or specified in this Bond Purchase Agreement to be performed at or prior to the Closing;

(b) At or prior to the Closing Date, the Underwriter shall have received the following:

(i) The approving opinion, dated the Closing Date, of Bond Counsel, in substantially the form attached as Appendix E to the Official Statement, addressed to the City and the Underwriter.

(ii) A certificate, dated the Closing Date, signed by the Mayor and City Recorder of the City, in which such officers, to the best of their knowledge, information and belief, shall state that:

(A) Except as described in the Official Statement, there is no litigation or other legal or governmental action, proceeding, inquiry or investigation of any nature pending on the Closing Date, or to their knowledge threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, application of the proceeds thereof, or the payment of the Bonds pursuant to the Resolution; seeking to restrain or enjoin the execution, delivery or performance of the Bond Purchase Agreement; in any manner questioning the proceedings or authority pursuant to which the Bonds are authorized or issued; in any manner questioning or relating to the validity of the Bonds, the Resolution or the Bond Purchase Agreement; contesting in any way the completeness or accuracy of the Official Statement; in any way contesting the corporate existence or boundaries of the City or the title of its present officers to their respective offices; or contesting the powers of the City or its authority with respect to the Bonds, the Resolution, the Bond Purchase Agreement or the Official Statement, or any act to be done or documents or certificates to be executed or delivered in connection with any of them.

(B) The Resolution is as of the Closing Date in full force and effect and has not been amended, modified or supplemented, except as provided herein.

(C) The execution and delivery of the Bond Purchase Agreement and the Bonds, the adoption of the Resolution, and the compliance by the City with the terms and provisions thereof, will not conflict with, or result in any violation of any provision of the Resolution or similar incorporating or governing documents of the City or of any amendments to any of the foregoing or any indenture, mortgage, deed of trust or other

agreement or instrument to which the City is a party or by which it or its properties are bound and will not violate any decree, order, injunction, judgment, determination or award to which the City or its properties are subject.

(D) The City has complied with all the requirements and satisfied all the conditions on its part to be performed or satisfied at or prior to the delivery of the Bonds.

(E) The descriptions and statements contained in the Official Statement were at the time of its publication and distribution, and are on the Closing Date, true and correct in all material respects, and the Official Statement did not at the time of its publication and distribution, and does not on the Closing Date, contain an untrue statement of a material fact or omit to state a material fact required to be stated where necessary to make the statements made, in light of the circumstances under which they are made, not misleading.

(F) Subsequent to June 30, 2013, there has been no material adverse change in the financial position or results of operations of the City except as set forth in or contemplated by the Official Statement or as described in such certificate;

(iii) An opinion, dated the Closing Date and addressed to the Underwriter, of Joe H. Thompson, Counsel to the City, substantially in the form attached hereto as Exhibit B with such changes therein as shall be approved by the Underwriter.

(iv) Evidence that Standard & Poor's has issued a rating of "_____" for the Bonds;

(v) An executed copy of a Refunding Escrow Agreement between the City and _____, providing for the refunding of the Refunded Bonds; and

(vi) Such additional opinions, certificates (including such certificates as may be required by regulations of the Internal Revenue Service in order to establish the tax exempt character of the Bonds, which certificates shall be satisfactory in form and substance to Bond Counsel and the Underwriter), and other evidence as the Underwriter or Bond Counsel may reasonably deem necessary to evidence the truth or accuracy as of the Closing Date of the representations and warranties of the City herein contained, and of the Official Statement and the due performance and satisfaction by the City at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by it.

The opinions and certificates and other evidence referred to above shall be in form and substance satisfactory to the Underwriter.

If the City shall be unable to satisfy the conditions to the obligations of the Underwriter contained in this Bond Purchase Agreement, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the Underwriter nor the City shall be under any further obligation hereunder.

5. Termination of Agreement. The Underwriter may terminate this Bond Purchase Agreement, without liability therefor, by notification to the City, if at any time subsequent to the date of this Bond Purchase Agreement and at or prior to the Closing:

(a) legislation shall be enacted by the Congress of the United States or a bill introduced (by amendment or otherwise) or favorably reported by a committee of the House of Representatives or the Senate of the Congress of the United States, or a decision by a court of the United States or the Tax Court of the United States shall be rendered, or a ruling, regulation or fiscal action shall be issued or proposed by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency with respect to or having the purpose or effect of including within gross income for federal income tax purposes interest received on bonds of the general character of the Bonds, which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds to be purchased by it; or

(b) any legislation, rule or regulation shall be introduced in, or be enacted by the General Assembly or any department or agency in the State of Tennessee, or a decision by any court of competent jurisdiction within the State of Tennessee shall be rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds to be purchased by it; or

(c) any amendment to the Official Statement is proposed by the City or deemed necessary by Bond Counsel pursuant to Section 2(f) hereof which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds to be purchased by it; or

(d) any fact shall exist or any event shall have occurred which, in the reasonable opinion of the Underwriter, makes the Official Statement, in the form as originally approved by the City, contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading; or

(e) there shall have occurred any outbreak or escalation of hostilities or any national or international calamity or crisis, financial or otherwise, including a general suspension of trading on any national securities exchange, which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds to be purchased by it; or

(f) legislation shall be enacted or any action shall be taken by, or on behalf of, the Securities and Exchange Commission which, in the reasonable opinion of the Underwriter, has the effect of requiring the contemplated distribution of the Bonds to be registered under the Securities Act of 1933, as amended, or the Resolution to be qualified under the Trust Indenture Act of 1939, as amended, or any laws analogous thereto relating to governmental bodies, and compliance therewith cannot be accomplished prior to the Closing; or

(g) a general banking moratorium shall have been declared by United States, New York or Tennessee authorities, which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds to be purchased by it; or

(h) any national securities exchange, or any governmental authority, shall impose, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter.

6. Expenses.

(a) The City agrees to pay all expenses incident to the performance of its obligations hereunder, including but not limited to (i) the cost of the preparation, printing or other reproduction (for distribution prior to, on, or after the date of acceptance of this Bond Purchase Agreement) of reasonable quantities of the Resolution, the Preliminary Official Statement and the Official Statement, including shipping and distribution costs (ii) the cost of printing, signing, registering and authenticating the book-entry Bonds, and (iii) the fees and disbursements of Bond Counsel, Counsel to the City, the Registration Agent, and of any other experts or consultants retained by the City.

(b) In the event that either the City or the Underwriter shall have paid obligations of the other as set forth in this Section, adjustment shall be made.

7. Miscellaneous.

(a) All notices, demands and formal actions hereunder shall be in writing and mailed, telegraphed or delivered to:

The Underwriter:

Wiley Bros. – Aintree Capital, LLC
Attention: Public Finance Department
40 Burton Hills Boulevard, Suite 350
Nashville, Tennessee 37215

The City at the address first listed above.

The City acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm's-length commercial transaction between the City and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and are not acting as the agent, advisor or fiduciary of the City, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the City with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the City on other matters) and the Underwriter has no obligation to the Issuer with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Agreement, and (iv) the City has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.

The City and the Underwriter represent and warrant that no finder or other agent has been employed by either the City or the Underwriter in connection with this transaction.

This Bond Purchase Agreement will inure to the benefit of and be binding upon the parties and their successors and assigns, and will not confer any rights upon any other person. The terms "successors"

and "assigns" shall not include any purchaser of any of the Bonds from the Underwriter merely because of such purchase.

Section headings have been inserted in this Bond Purchase Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Bond Purchase Agreement and will not be used in the interpretation of any provisions of this Bond Purchase Agreement.

If any provision of this Bond Purchase Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any constitution, statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Bond Purchase Agreement invalid, inoperative or unenforceable to any extent whatever.

This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

This Bond Purchase Agreement shall be governed by, and construed in accordance with, the law of the State of Tennessee.

This Bond Purchase Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof.

The Underwriter may waive compliance by the City with any of the conditions, requirements, covenants, warranties or representations set forth herein, but waiver by the Underwriter of any such compliance shall not be deemed a waiver of compliance with any other of the conditions, requirements, covenants, warranties or representations set forth herein.

WILEY BROS. – AINTREE CAPITAL, LLC

By: _____
Title: _____

Accepted as of the date first
above written:

CITY OF GALLATIN, TENNESSEE

By: _____
Mayor

Attest: _____
City Recorder

EXHIBIT A

\$ _____ WATER AND SEWER REVENUE AND TAX REFUNDING BONDS, SERIES 2013
OF
CITY OF GALLATIN, TENNESSEE

MATURITY DATE (August 1)	PRINCIPAL AMOUNT	INTEREST RATE
--------------------------------	---------------------	------------------

[*Term Bonds

Subject to any credits as permitted by the terms of the Resolution, the City shall redeem Bonds maturing on January _____ on the redemption dates set forth below opposite the maturity date, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. The Bonds to be so redeemed shall be selected by lot or in such other random manner as the Registration Agent in its discretion may designate. The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

<u>Maturity</u>	<u>Redemption Date</u>	<u>Principal Amount to be Redeemed</u>
-----------------	------------------------	--

*Final Maturity

Except as set forth above, the Bonds shall be issued in accordance with the terms of the Resolution.

EXHIBIT B

[Letterhead of Joe H. Thompson]

_____, 201__

Wiley Bros. – Aintree Capital, LLC
Nashville, Tennessee

Bass, Berry & Sims PLC
Nashville, Tennessee

Re: City of Gallatin, Tennessee (the "City") - \$_____ Water and Sewer Revenue and
Tax Refunding Bonds, Series 2013 (the "Bonds")

Ladies and Gentlemen:

I have acted as counsel to the City in connection with the issuance, execution, delivery and sale of the Bonds, authorized and issued by the City pursuant to a resolution of the City Council of the City, adopted on _____, 2013 (the "Resolution") and the sale of the Bonds by the City to Wiley Bros. – Aintree Capital, LLC, Nashville, Tennessee (the "Underwriter") pursuant to a Bond Purchase Agreement, dated _____, 2013 by and between the City and the Underwriter (the "Bond Purchase Agreement"). I have been requested by the City to render this opinion pursuant to Section 4(b)(iii) of the Bond Purchase Agreement. All capitalized terms used but not defined herein shall have the meanings assigned to them in the Bond Purchase Agreement.

In connection with this opinion, I have reviewed the following:

1. The Resolution, and all public notices relating thereto;
2. The bylaws and such minutes and records of the City as we have deemed necessary to render the opinion set forth herein;
3. The Bond Purchase Agreement;
4. The Preliminary Official Statement, dated _____ and the Official Statement, dated _____, published and distributed in connection with the sale of the Bonds (the "Official Statement"); and
5. Such other documents and matters of fact and law as I have deemed necessary in order to render the opinion set forth herein.

As to various issues of fact, I have relied upon the representations and warranties of the City contained in the Bond Purchase Agreement and upon statements and certificates of officers of the City without independent verification or investigation.

Based on our examination, I am of the opinion, as of the date hereof, as follows:

1. The City has all requisite power and authority and all necessary licenses and permits to own and operate its properties, to carry on its activities as now conducted and as presently proposed to be conducted and enter into and perform its obligations under the Resolution and the Bond Purchase Agreement. The Resolution hereinabove described has not been amended, modified or supplemented.

2. The Resolution has been duly and lawfully adopted by the City Council of the City at a meeting duly and regularly noticed, called and held with a quorum present and acting throughout, in compliance with Section 8-44-101 et seq., Tennessee Code Annotated, as amended, and has not been amended, modified or supplemented, except as set forth in the Bond Purchase Agreement, and is in full force and effect.

3. To the best of my knowledge, there is no litigation or other legal or governmental action, proceeding, inquiry or investigation of any nature pending on the Closing Date, or threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, application of the proceeds thereof, or the payment, collection or application of income or revenues of the City or the pledge thereof to the payment of the Bonds pursuant to the Resolution; seeking to restrain or enjoin the execution, delivery or performance of the Bond Purchase Agreement; in any manner questioning the proceedings or authority pursuant to which the Bonds are authorized or issued; in any manner questioning or relating to the validity of the Bonds, the Resolution, and the Bond Purchase Agreement; contesting in any way the completeness or accuracy of the Official Statement; in any way contesting the corporate existence or boundaries of the City or the title of its present officers to their respective offices; or contesting the powers of the City or its authority with respect to the Bonds, the Resolution, the Bond Purchase Agreement or the Official Statement, or any act to be done or documents or certificates to be executed or delivered in connection with any of them.

4. To the best of my knowledge, the execution and delivery of the Bond Purchase Agreement and the Bonds, the adoption of the Resolution, and the compliance by the City with the terms and provisions thereof, will not conflict with, or result in any violation of any provision of the Resolution or similar incorporating or governing documents of the City or of any amendments to any of the foregoing or any indenture, mortgage, deed of trust or other agreement or instrument to which the City is a party or by which it or its properties are bound and will not violate any decree, order, injunction, judgment, determination or award to which the City or its properties are subject.

5. No special, local or private act or legislation has been passed by the General Assembly of the State of Tennessee applicable to the City affecting its power to issue the Bonds or pay the principal of, premium, if any, interest on the Bonds when due.

I express no opinion herein other than as to the law of the State of Tennessee. This opinion is rendered solely for your information in connection with the above-referenced transaction and may not be delivered or quoted to any other person or relied upon for any other purpose without my prior written consent.

Yours very truly,

EXHIBIT C

FORM OF REFUNDING ESCROW AGREEMENT

12261523.1

REFUNDING ESCROW AGREEMENT

This Refunding Escrow Agreement is made and entered into as of the ___ day of _____, 201__ by and between the City of Gallatin, Tennessee (the "Municipality"), and _____ (the "Agent").

WITNESSETH:

WHEREAS, the Municipality has previously authorized and issued its outstanding Water and Sewer Revenue and Tax Refunding Bonds, Series 2004, dated March 17, 2004 (the "Outstanding Bonds").

WHEREAS, the Municipality has determined to provide for payment of the debt service requirements of the Outstanding Bonds by depositing in escrow with the Agent funds that, with the investment income therefrom, will be sufficient to pay the principal of and interest on the Outstanding Bonds as set forth on Exhibit A hereto; and

WHEREAS, in order to obtain the funds needed to refund the Outstanding Bonds, the Municipality has authorized and issued its Water and Sewer Revenue and Tax Refunding Bonds, Series 2013, dated _____, 201__ (the "Refunding Bonds"); and

WHEREAS, a portion of the proceeds derived from the sale of the Refunding Bonds will be deposited in escrow with the Agent hereunder, and applied to the purchase of certain securities described herein, the principal amount thereof together with interest thereon to mature at such times and in such amounts as shall be sufficient to pay when due all of the principal of and interest on the Outstanding Bonds as set forth on Exhibit A; and

WHEREAS, in order to create the escrow hereinabove described, provide for the deposit of said Refunding Bond proceeds and the application thereof, and to provide for the payment of the Outstanding Bonds, the parties hereto do hereby enter into this Agreement.

NOW, THEREFORE, the Municipality, in consideration of the foregoing and the mutual covenants herein set forth and in order to secure the payment of the Outstanding Bonds according to their tenor and effect, does by these presents hereby grant, warrant, demise, release, convey, assign, transfer, alien, pledge, set over and confirm, to the Agent, and to its successors hereunder, and to it and its assigns forever, in escrow, all and singular the property hereinafter described to wit:

DIVISION I

All right, title and interest of the Municipality in and to \$ _____, representing \$ _____ derived from the proceeds of the sale of the Refunding Bonds and \$ _____ other legally available funds of the Municipality.

DIVISION II

All right, title and interest of the Municipality in and to the Government Securities purchased with the funds described in Division I hereof and more particularly described in Exhibit B, attached hereto, and to all income, earnings and increment derived from or accruing to the Government Securities.

DIVISION III

Any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred in escrow hereunder by the Municipality or by anyone in its behalf to the Agent, which is hereby authorized to receive the same at any time to be held in escrow hereunder.

DIVISION IV

All property that is by the express provisions of this Agreement required to be subject to the pledge hereof and any additional property that may, from time to time hereafter, by delivery or by writing of any kind, be subject to the pledge hereof, by the Municipality or by anyone in its behalf, and the Agent is hereby authorized to receive the same at any time to be held in escrow hereunder.

TO HAVE AND TO HOLD, all and singular, the escrowed property, including all additional property which by the terms hereof has or may become subject to this Agreement, unto the Agent, and its successors and assigns, forever.

The escrowed property shall be held in escrow for the benefit and security of the owners from time to time of the Outstanding Bonds; but if the principal of and interest on the Outstanding Bonds shall be fully and promptly paid when due in accordance with the terms hereof, then this Agreement shall be and become void and of no further force and effect, otherwise the same shall remain in full force and effect, subject to the covenants and conditions hereinafter set forth.

ARTICLE I. DEFINITIONS AND CONSTRUCTION

Section 1.1 Definitions. In addition to words and terms elsewhere defined in this Agreement, the following words and terms as used in this Agreement shall have the following meanings, unless some other meaning is plainly intended:

"Agent" means _____, and its successors and assigns;

"Agreement" means this Refunding Escrow Agreement, dated as of the date of the Refunding Bonds, between the Municipality and the Agent;

"Bond Resolution" means the resolution adopted by the City Council of the Municipality on _____, 2013, authorizing the Refunding Bonds;

"Code" means the Internal Revenue Code of 1986, as amended, and any lawful regulations promulgated thereunder;

"Municipality" means the City of Gallatin, Tennessee;

"Escrow Fund" shall have the meaning ascribed to it in Section 2(a) hereof;

"Escrow Property", "escrow property" or "escrowed property" means the property, rights and interest of the Municipality that are described in Divisions I through IV of this Agreement and hereinabove conveyed in escrow to the Agent;

"Government Securities" means obligations and securities described in Section 9-21-914, Tennessee Code Annotated;

"Outstanding Bonds" shall have the meaning ascribed to it in the above preambles;

"Refunding Bonds" means the Municipality's Water and Sewer Revenue and Tax Refunding Bonds, Series 2013, dated _____, 201__; and

"Written Request" shall mean a request in writing signed by the Mayor, the City Recorder and the Director of Finance or any of them.

Section 1.2 Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. The word "person" shall include corporations, associations, natural persons and public bodies unless the context shall otherwise indicate. Reference to a person other than a natural person shall include its successors.

ARTICLE II.

ESTABLISHMENT AND ADMINISTRATION OF FUNDS

Section 2.1 Creation of Escrow; Deposit of Funds. The Municipality hereby creates and establishes with the Agent a special and irrevocable escrow composed of the Escrowed Property and hereby deposits with the Agent and the Agent hereby acknowledges receipt of \$ _____ as described in Division I hereof. The monies so deposited, together with investment income therefrom, is herein referred to as the "Escrow Fund" and shall constitute a fund to be held by the Agent as a part of the Escrowed Property created, established, and governed by this Agreement.

Section 2.2 Investment of Funds. The monies described in Section 2(a) hereof shall be held or invested as follows:

(a) the amount of \$_____ shall be used to purchase the Government Securities described on Exhibit B attached hereto; and

(b) the amount of \$_____ shall be held as cash in a non-interest-bearing account.

Except as provided in Sections 2.04 and 2.06 hereof, the investment income from the Government Securities in the Escrow Fund shall be credited to the Escrow Fund and shall not be reinvested. The Agent shall have no power or duty to invest any monies held hereunder or to make substitutions of Government Securities held hereunder or to sell, transfer, or otherwise dispose of the Government Securities acquired hereunder except as provided herein.

Section 2.3 Disposition of Escrow Funds. The Agent shall without further authorization or direction from the Municipality collect the principal and interest on the Government Securities promptly as the same shall fall due. From the Escrow Fund, to the extent that monies therein are sufficient for such purpose, the Agent shall make timely payments to the proper paying agent, or its successor, for the Outstanding Bonds of monies sufficient for the payment of the principal of and interest on the Outstanding Bonds as the same shall become due and payable. Amounts and dates of principal and interest payments and redemption dates and the name and address of the paying agent with respect to the Outstanding Bonds are set forth on Exhibit A. Payment on the dates to the respective paying agent in accordance with Exhibit A shall constitute full performance by the Agent of its duties hereunder with respect to each respective payment. The Municipality represents and warrants that the Escrow Fund, if held, invested and disposed of by the Agent in accordance with the provisions of this Agreement, will be sufficient to make the foregoing payments. No paying agent fees, fees and expenses of the Agent, or any other costs and expenses associated with the Refunding Bonds or the Outstanding Bonds shall be paid from the Escrow Fund, and the Municipality agrees to pay all such fees, expenses, and costs from its legally available funds as such payments become due. When the Agent has made all required payments of principal and interest on the Outstanding Bonds to the respective paying agent as hereinabove provided, the Agent shall transfer any monies or Government Securities then held hereunder to the Municipality and this Agreement shall terminate.

Section 2.4 Excess Funds. Except as provided in Section 2.6 hereof, amounts held by the Agent, representing interest on the Government Securities in excess of the amount necessary to make the corresponding payment of principal, interest and/or premium on the Outstanding Bonds, shall be held by the Agent without interest and shall be applied before any other Escrow Fund monies to the payment of the next ensuing principal and interest on the Outstanding Bonds. Upon retirement of all the Outstanding Bonds, the Agent shall pay any excess amounts remaining in the Escrow Fund to the Municipality.

Section 2.5 Reports. The Escrow Agent shall deliver to the City Recorder of the Municipality on or before the first day of August of each year a monthly report summarizing all transactions relating to the Escrow Fund and shall deliver to the City Recorder a report current as of December 31 of that year, which shall summarize all transactions relating to the Escrow Fund effected during that year and which also shall set forth all assets in the Escrow Fund as of December 31 and set forth opening and closing balances thereof for that year.

Section 2.6 Investment of Moneys Remaining in Escrow Fund. The Agent may invest and reinvest any monies remaining from time to time in the Escrow Fund until such time as they are needed. Such monies shall be invested in Government Securities, maturing no later than the next interest payment date of the Outstanding Bonds, or for such periods or at such interest rates as the Agent shall be directed by Written Request, provided, however, that the Municipality shall furnish the Agent, as a condition precedent to such investment, with an opinion from nationally recognized bond counsel stating that such reinvestment of such monies will not, under the statutes, rules and regulations then in force and applicable to obligations issued on the date of issuance of the Refunding Bonds, cause the interest on the Refunding Bonds or the Outstanding Bonds not to be excluded from gross income for Federal income tax purposes and that such investment is not inconsistent with the statutes and regulations applicable to the Refunding Bonds or the Outstanding Bonds. Any interest income resulting from reinvestment of monies pursuant to this Section 2.6 shall be applied first to the payment of principal of and interest and premium on the Outstanding Bonds to the extent the Escrow is or will be insufficient to retire the Outstanding Bonds as set forth on Exhibit A and any excess shall be paid to the Municipality to be applied to the payment of the Refunding Bonds or the expenses of issuance thereof.

Section 2.7 Irrevocable Escrow Created. The deposit of monies, Government Securities, matured principal amounts thereof, and investment proceeds therefrom in the Escrow Fund shall constitute an irrevocable deposit of said monies and Government Securities for the benefit of the holders of the Outstanding Bonds, except as provided herein with respect to amendments permitted under Section 4.1 hereof. All the funds and accounts created and established pursuant to this Agreement shall be and constitute escrow funds for the purposes provided in this Agreement and shall be kept separate and distinct from all other funds of the Municipality and the Agent and used only for the purposes and in the manner provided in this Agreement.

Section 2.8 Redemption of Outstanding Bonds. The Agent shall give the registration agent for the Outstanding Bonds (as described in the preambles) notice as stated on Exhibit C, attached hereto, and shall direct such registration agent for the Outstanding Bonds to give notice of redemption to the holders of the Outstanding Bonds in accordance with the resolution authorizing the Outstanding Bonds.

ARTICLE III.
CONCERNING THE AGENT

Section 3.1 Appointment of Agent. The Municipality hereby appoints the Agent as escrow agent under this Agreement.

Section 3.2 Acceptance by Agent. By execution of this Agreement, the Agent accepts the duties and obligations as Agent hereunder. The Agent further represents that it has all requisite power, and has taken all corporate actions necessary to execute the escrow hereby created.

Section 3.3 Liability of Agent. The Agent shall be under no obligation to inquire into or be in any way responsible for the performance or nonperformance by the Municipality or any paying agent of its obligations, or to protect any of the Municipality's rights under any bond proceedings or any of the Municipality's other contracts with or franchises or privileges from any state, county, municipality or other governmental agency or with any person. The Agent shall not be liable for any act done or step taken or omitted to be taken by it, or for any mistake of fact or law, or anything which it may do or refrain from doing, except for its own gross negligence or willful misconduct in the performance or nonperformance of any obligation imposed upon it hereunder. The Agent shall not be responsible in any manner whatsoever for the recitals or statements contained herein or in the Outstanding Bonds or in the Refunding Bonds or in any proceedings taken in connection therewith, but they are made solely by the Municipality. The Agent shall have no lien whatsoever upon any of the monies or investments in the Escrow Fund for the payment of fees and expenses for services rendered by the Agent under this Agreement.

The Agent shall not be liable for the accuracy of the calculations as to the sufficiency of Escrow Fund monies and Government Securities and the earnings thereon to pay the Outstanding Bonds. So long as the Agent applies any monies, the Government Securities and the interest earnings therefrom to pay the Outstanding Bonds as provided herein, and complies fully with the terms of this Agreement, the Agent shall not be liable for any deficiencies in the amounts necessary to pay the Outstanding Bonds caused by such calculations. The Agent shall not be liable or responsible for any loss resulting from any investment made pursuant to this Agreement and in full compliance with the provisions hereof.

In the event of the Agent's failure to account for any of the Government Securities or monies received by it, said Government Securities or monies shall be and remain the property of the Municipality in escrow for the benefit of the holders of the Outstanding Bonds, as herein provided, and if for any improper reason such Government Securities or monies are applied to purposes not provided for herein or misappropriated by the Agent, the assets of the Agent shall be impressed with a trust for the amount thereof until the required application of such funds shall be made or such funds shall be restored to the Escrow Fund.

Section 3.4 Permitted Acts. The Agent and its affiliates may become the owner of or may deal in the Refunding Bonds or Outstanding Bonds as fully and with the same rights as if it were not the Agent.

Section 3.5 Exculpation of Funds of Agent. Except as set forth in Section 3.3, none of the provisions contained in this Agreement shall require the Agent to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights or powers hereunder. The Agent shall be under no liability for interest on any funds or other property received by it hereunder, except as herein expressly provided.

Section 3.6 Payment of Deficiency by Municipality. A Verification Report, dated December 21, 2011 (the "Verification Report"), has been delivered by The Arbitrage Group, LLP, stating that the funds deposited to the Escrow Fund in the amount set forth in Section 2.01 and the receipts from the investment of such funds pursuant to Exhibit B hereof will be sufficient to pay to and at redemption the principal of and interest on the Outstanding Bonds. The Municipality shall not be liable for failure of performance of the Agent or the Government Securities.

Section 3.7 No Redemption or Acceleration of Maturity. The Agent will not pay any of the principal of or interest on the Outstanding Bonds, except as provided in Exhibit A attached hereto and will not redeem or accelerate the maturity of any of the Outstanding Bonds except as provided in Section 2.8 hereof.

Section 3.8 Qualifications of Agent. There shall at all times be an Agent hereunder that shall be a corporation or banking association organized and doing business under the laws of the United States or any state, authorized under the laws of its incorporation to exercise the powers herein granted, having a combined capital, surplus, and undivided profits of at least \$75,000,000 and subject to supervision or examination by federal or state authority. If such corporation or association publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this paragraph the combined capital, surplus, and undivided profits of such corporation or association shall be deemed to be its combined capital, surplus, and undivided profits as set forth in its most recent report of condition as published. In case at any time the Agent shall cease to be eligible in accordance with the provisions of this section, the Agent shall resign immediately in the manner and with the effect specified herein.

Section 3.9 Resignation of Agent. The Agent may at any time resign by giving direct written notice to the Municipality and by giving the holders of the Outstanding Bonds notice by first-class mail of such resignation. Upon receiving such notice of resignation, the Municipality shall promptly appoint a successor escrow agent by resolution of its governing body. If no successor escrow agent shall have been appointed and have accepted appointment within thirty (30) days after the publication of such notice of resignation, the resigning Agent may petition any court of competent jurisdiction located in Sumner County, Tennessee, for the appointment of a successor, or any holder of the Outstanding Bonds may, on behalf of himself and others similarly situated, petition any such court for the appointment of a successor. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor meeting the qualifications set forth in Section 3.8. The Agent shall serve as escrow agent hereunder until its successor shall have been appointed and such successor shall have accepted the appointment.

Section 3.10 Removal of Agent. In case at any time the Agent shall cease to be eligible in accordance with the provisions of Section 3.8 hereof and shall fail to resign after written request therefor by the Municipality or by any holder of the Outstanding Bonds, or the Agent shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Agent or any of its property shall be appointed, or any public officer shall take charge or control of the Agent or its property or affairs for the purpose of rehabilitation, conservation, or liquidation, then in any such case, the Municipality may remove the Agent and appoint a successor by resolution of its governing body or any such bondholder may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction situated in the Municipality for the removal of the Agent and the appointment of a successor. Such court may thereupon, after such notice, if any, as it may deem proper, remove the Agent and appoint a successor who shall meet the qualifications set forth in Section 3.11. Unless incapable of serving, the Agent shall serve as escrow agent hereunder until its successor shall have been appointed and such successor shall have accepted the appointment.

The holders of a majority in aggregate principal amount of all the Outstanding Bonds at any time outstanding may at any time remove the Agent and appoint a successor by an instrument or concurrent instruments in writing signed by such bondholders and presented, together with the successor's acceptance of appointment, to the Municipality and the Agent.

Any resignation or removal of the Agent and appointment of a successor pursuant to any of the provisions of this Agreement shall become effective upon acceptance of appointment by the successor as provided in Section 3.11 hereof.

Section 3.11 Acceptance by Successor. Any successor escrow agent appointed as provided in this Agreement shall execute, acknowledge and deliver to the Municipality and to its predecessor an instrument accepting such appointment hereunder and agreeing to be bound by the terms hereof, and thereupon the resignation or removal of the predecessor shall become effective and such successor, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor, with like effect as if originally named as Agent herein; but, nevertheless, on Written Request of the Municipality or the request of the successor, the predecessor shall execute and deliver an instrument transferring to such successor all rights, powers and escrow property of the predecessor. Upon request of any such successor, the Municipality shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor all such rights, powers and duties. No successor shall accept appointment as provided herein unless at the time of such acceptance such successor shall be eligible under the provisions of Section 3.8 hereof.

Any corporation into which the Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Agent shall be a party, or any corporation succeeding to the business of the Agent, shall be the successor of the Agent hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that such successor shall be eligible under the provisions of Section 3.8 hereof.

Section 3.12 Payment to Agent. The Municipality agrees to pay the Agent, as reasonable and proper compensation under this Agreement \$ _____ annually, commencing on the date hereof and annually on _____ 1 of each year hereafter until termination of this Agreement, with the first said fee being payable on the date hereof. The Agent shall be entitled to reimbursement of all advances, counsel fees and expenses, and other costs made or incurred by the Agent in connection with its services and/or its capacity as Agent or resulting therefrom. In addition, the Municipality agrees to pay to the Agent all out-of-pocket expenses and costs of the Agent incurred by the Agent in the performance of its duties hereunder, including all publication, mailing and other expenses associated with the redemption of the Outstanding Bonds; provided, however, that to the extent permitted by applicable law, the Municipality agrees to indemnify the Agent and hold it harmless against any liability which it may incur while acting in good faith in its capacity as Agent under this Agreement, including, but not limited to, any court costs and attorneys' fees, and such indemnification shall be paid from available funds of the Municipality and shall not give rise to any claim against the Escrow Fund. In addition, the Agent shall indemnify the Municipality and hold it harmless against any liability which it may incur resulting from any failures by the Agent to perform its duties hereunder.

ARTICLE IV. MISCELLANEOUS

Section 4.1 Amendments to this Agreement. This Agreement is made for the benefit of the Municipality, the holders from time to time for the Outstanding Bonds, and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Agent and the Municipality; provided, however, that the Municipality and the Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Agreement;
- (b) to grant to, or confer upon, the Agent for the benefit of the holders of the Outstanding Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Agent; and
- (c) to subject to this Agreement additional funds, securities or properties.

The Agent shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holders of the Outstanding Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

Notwithstanding the foregoing or any other provision of this Agreement, upon Written Request and upon compliance with the conditions hereinafter stated, the Agent shall have the power to and shall, in simultaneous transactions, sell, transfer, otherwise dispose of or request the redemption of the Government Securities held hereunder and to substitute therefor direct obligations of, or obligations the principal of and interest on which are fully guaranteed by the

United States of America, subject to the condition that such monies or securities held by the Agent shall be sufficient to pay principal of, premium, if any, and interest on the Outstanding Bonds. The Municipality hereby covenants and agrees that it will not request the Agent to exercise any of the powers described in the preceding sentence in any manner which will cause the Refunding Bonds to be arbitrage bonds within the meaning of Section 148 of the Code in effect on the date of such request and applicable to obligations issued on the issue date of the Refunding Bonds. The Agent shall purchase such substituted securities with the proceeds derived from the maturity, sale, transfer, disposition or redemption of the Government Securities held hereunder or from other monies available. The transactions may be effected only if there shall have been submitted to the Agent: (1) an independent verification by a nationally recognized independent certified public accounting firm concerning the adequacy of such substituted securities with respect to principal and the interest thereon and any other monies or securities held for such purpose to pay when due the principal of, premium, if any, and interest on the Outstanding Bonds in the manner required by the proceedings which authorized their issuance; and (2) an opinion from nationally recognized bond counsel to the effect that the disposition and substitution or purchase of such securities will not, under the statutes, rules and regulations then in force and applicable to obligations issued on the date of issuance of the Refunding Bonds, cause the interest on the Refunding Bonds not to be exempt from Federal income taxation. Any surplus monies resulting from the sale, transfer, other disposition or redemption of the Government Securities held hereunder and the substitutions therefor of direct obligations of, or obligations the principal of and interest on which is fully guaranteed by, the United States of America, shall be released from the Escrow Fund and shall be transferred to the Municipality.

Section 4.2 Severability. If any provision of this Agreement shall be held or deemed to be invalid or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatsoever.

Section 4.3 Governing Law. This Agreement shall be governed and construed in accordance with the law of the State of Tennessee.

Section 4.4 Notices. Any notice, request, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by Registered or Certified Mail, postage prepaid, or sent by telegram as follows:

To the Municipality:

City of Gallatin
Director of Finance
132 West Main Street
Gallatin, TN 37066

To the Agent:

The Municipality and the Agent may designate in writing any further or different addresses to which subsequent notices, requests, communications or other papers shall be sent.

Section 4.5 Agreement Binding. All the covenants, promises and agreements in this Agreement contained by or on behalf of the parties shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 4.6 Termination. This Agreement shall terminate when all transfers and payments required to be made by the Agent under the provisions hereof shall have been made.

Section 4.7 Execution by Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

IN WITNESS WHEREOF, the Municipality has caused this Agreement to be signed in its name by its Mayor and attested by its City Recorder and the official seal of the Municipality to be impressed hereon, and the Agent has caused this Agreement to be signed in its corporate name by its duly authorized officers, all as of the day and date first above written.

CITY OF GALLATIN, TENNESSEE

By: _____
Mayor

(SEAL)

City Recorder

_____,
as Escrow Agent

By: _____
Title: _____

By: _____
Title: _____

A RESOLUTION AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS OF THE CITY OF GALLATIN, TENNESSEE IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$6,500,000, IN ONE OR MORE SERIES; MAKING PROVISION FOR THE ISSUANCE, SALE AND PAYMENT OF SAID BONDS, ESTABLISHING THE TERMS THEREOF AND THE DISPOSITION OF PROCEEDS THEREFROM; AND PROVIDING FOR THE LEVY OF TAXES FOR THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS

WHEREAS, 9-21-101, et seq., inclusive, Tennessee Code Annotated, as amended, authorizes the City of Gallatin, Tennessee (the "Municipality"), by resolution of the City Council, to issue and sell bonds to refund and refinance outstanding indebtedness; and

WHEREAS, the Municipality has previously issued and has outstanding its General Obligation Improvement Bonds, Series 2007, dated February 28, 2007, maturing on or after January 1, 2018 (the "Outstanding Indebtedness"); and

WHEREAS, all or a portion of the Outstanding Indebtedness can now be refunded for the purpose of reducing the debt service requirements of the Municipality; and

WHEREAS, the City Council hereby determines that it is advisable to issue general obligation bonds, in one or more series, for the purpose of refunding all or a portion of the Outstanding Indebtedness; and

WHEREAS, a plan of refunding for the Outstanding Indebtedness has been filed with the Director of State and Local Finance (the "State Director") as required by Section 9-21-903, Tennessee Code Annotated, as amended, and the State Director has submitted to the Municipality a report thereon, a copy of which is attached hereto as Exhibit A; and

WHEREAS, it is the intention of the City Council of the Municipality to adopt this resolution for the purpose of authorizing not to exceed \$6,500,000 in aggregate principal amount of bonds for the above-described purposes, providing for the issuance, sale and payment of said bonds, establishing the terms thereof, and the disposition of proceeds therefrom, and providing for the levy of a tax for the payment of principal thereof, premium, if any, and interest thereon.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Gallatin, Tennessee, as follows:

Section 1. Authority. The bonds authorized by this resolution are issued pursuant to 9-21-101, et seq., Tennessee Code Annotated, as amended, and other applicable provisions of law.

Section 2. Definitions. In addition to the terms defined in the preamble above, the following terms shall have the following meanings in this resolution unless the text expressly or by necessary implication requires otherwise:

(a) "Bond Purchase Agreement" means a Bond Purchase Agreement, dated as of the date of the sale of the Bonds, between the Municipality and the Underwriter, in substantially the form attached hereto as Exhibit B, subject to such changes as permitted by Section 8 hereof, as approved by the Mayor, consistent with the terms of this resolution.

(b) “Bonds” means the not to exceed \$6,500,000 General Obligation Refunding Bonds of the Municipality, to be dated their date of issuance, and having such series designation or such other dated date as shall be determined by the Mayor pursuant to Section 8 hereof.

(c) “Book-Entry Form” or “Book-Entry System” means a form or system, as applicable, under which physical bond certificates in fully registered form are issued to a Depository, or to its nominee as Registered Owner, with the certificate of bonds being held by and “immobilized” in the custody of such Depository, and under which records maintained by persons, other than the Municipality or the Registration Agent, constitute the written record that identifies, and records the transfer of, the beneficial “book-entry” interests in those bonds.

(d) “Code” means the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder.

(e) “Depository” means any securities depository that is a clearing agency under federal laws operating and maintaining, with its participants or otherwise, a Book-Entry System, including, but not limited to, DTC.

(f) “DTC” means the Depository Trust Company, a limited purpose company organized under the laws of the State of New York, and its successors and assigns.

(g) “DTC Participant(s)” means securities brokers and dealers, banks, trust companies and clearing corporations that have access to the DTC System.

(h) Mayor shall mean the Mayor of the Municipality.

(i) “Refunding Escrow Agent” means the financial institution appointed by the Mayor pursuant to the terms hereof, or any successor designated by the Governing Body.

(j) “Refunding Escrow Agreement” means the Refunding Escrow Agreement, dated as of the date of the Bonds, between the Municipality and the Refunding Escrow Agent, in substantially the form of the document attached hereto as Exhibit C, subject to such changes thereto as shall be permitted by the terms of this resolution.

(k) “Refunded Indebtedness” means the maturities or portions of the maturities of the Outstanding Indebtedness designated for refunding by the Mayor pursuant to the terms hereof.

(l) “Registration Agent” means the registration and paying agent appointed by the Mayor pursuant to the terms hereof, or any successor designated by the Governing Body.

(m) “Underwriter” means Wiley Bros. -- Aintree Capital, LLC, Nashville, Tennessee.

Section 3. Findings of the Governing Body; Compliance with Debt Management Policy.

(a) In conformance with the directive of the State Funding Board of the State of Tennessee, the Municipality has heretofore adopted its Debt Management Policy. The Governing Body hereby finds that the issuance and sale of the Bonds, as proposed herein, is consistent with the Municipality’s Debt Management Policy.

(b) The refunding of the Refunded Indebtedness authorized herein through the issuance of the Bonds will result in the reduction of the debt service payable by the Municipality over the term of the Refunded Indebtedness, thereby effecting a cost savings to the public.

(c) The Refunding Report of the State Director has been presented to the members of the Governing Body in connection with their consideration of this resolution and is attached hereto as Exhibit A.

Section 4. Authorization and Terms of the Bonds.

(a) For the purpose of providing funds to finance the refunding of the Refunded Indebtedness and the payment of costs incident to the issuance and sale of the Bonds, there are hereby authorized to be issued bonds, in one or more series, of the Municipality in the aggregate principal amount of not to exceed \$6,500,000. The Bonds shall be issued in one or more series, in fully registered, book-entry form (except as otherwise set forth herein), without coupons, and subject to the adjustments permitted hereunder, shall be known as "General Obligation Refunding Bonds", shall be dated their date of issuance, and shall have such series designation or such other dated date as shall be determined by the Mayor pursuant to the terms hereof. The Bonds shall bear interest at a rate or rates not to exceed the maximum rate permitted by applicable Tennessee law at the time of issuance of the Bonds, or any series thereof, payable (subject to the adjustments permitted hereunder) semi-annually on January 1 and July 1 in each year, commencing January 1, 2014. The Bonds shall be issued initially in \$5,000 denominations or integral multiples thereof, as shall be requested by the original purchaser thereof. Subject to the adjustments permitted pursuant to the terms hereof, the Bonds shall mature serially or be subject to mandatory redemption and shall be payable on January 1 of each year, subject to prior optional redemption as hereinafter provided, in the years 2014 through 2027.

(b) Subject to the adjustments permitted under Section 8 hereof, the Bonds shall be subject to redemption prior to maturity at the option of the Municipality on January 1, 2023 and thereafter, as a whole or in part at any time at the redemption price of par plus accrued interest to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Governing Body in its discretion. If less than all of the Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

(c) Pursuant to the terms hereof, the Mayor is authorized to sell the Bonds, or any maturities thereof, as term bonds ("Term Bonds") with mandatory redemption requirements corresponding to the maturities set forth herein or as determined by the Mayor. In the event any or all the Bonds are sold as Term Bonds, the Municipality shall redeem Term Bonds on redemption dates corresponding to the maturity dates set forth herein, in aggregate principal amounts equal to the maturity amounts established pursuant to the terms hereof for each redemption date, as such maturity amounts may be adjusted

pursuant to the terms hereof, at a price of par plus accrued interest thereon to the date of redemption. The Term Bonds to be redeemed within a single maturity shall be selected as follows:

If less than all of the Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such mandatory redemption date, the Municipality may (i) deliver to the Registration Agent for cancellation Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and cancelled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the Municipality on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The Municipality shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

(d) Notice of any call for redemption shall be given by the Registration Agent on behalf of the Municipality not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the Municipality nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the Municipality pursuant to written instructions from an authorized representative of the Municipality (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if

funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein.

(e) The Governing Body hereby authorizes and directs the Mayor to appoint the Registration Agent for the Bonds and hereby authorizes the Registration Agent so appointed or the Registration Agent for the Bonds to maintain Bond registration records with respect to the Bonds, to authenticate and deliver the Bonds as provided herein, either at original issuance or upon transfer, to effect transfers of the Bonds, to give all notices of redemption as required herein, to make all payments of principal and interest with respect to the Bonds as provided herein, to cancel and destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer, to furnish the Municipality at least annually a certificate of destruction with respect to Bonds cancelled and destroyed, and to furnish the Municipality at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds. The Mayor is hereby authorized to execute and the City Recorder is hereby authorized to attest such written agreement between the Municipality and the Registration Agent as they shall deem necessary and proper with respect to the obligations, duties and rights of the Registration Agent. The payment of all reasonable fees and expenses of the Registration Agent for the discharge of its duties and obligations hereunder or under any such agreement is hereby authorized and directed.

(f) The Bonds shall be payable, both principal and interest, in lawful money of the United States of America at the main office of the Registration Agent. The Registration Agent shall make all interest payments with respect to the Bonds by check or draft on each interest payment date directly to the registered owners as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by depositing said payment in the United States mail, postage prepaid, addressed to such owners at their addresses shown on said Bond registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the Municipality in respect of such Bonds to the extent of the payments so made. Payment of principal of and premium, if any, on the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable. All rates of interest specified herein shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) months of thirty (30) days each. In the event the Bonds are no longer registered in the name of DTC, or a successor Depository, if requested by the Owner of at least \$1,000,000 in aggregate principal amount of the Bonds, payment of interest on such Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

(g) Any interest on any Bond that is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter "Defaulted Interest") shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the Municipality to the persons in whose names the Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner: the Municipality shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time the Municipality shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Section provided. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special

Record Date for the payment of such Defaulted Interest which date shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered Owners. The Registration Agent shall promptly notify the Municipality of such Special Record Date and, in the name and at the expense of the Municipality, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in this Section or in the Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the Municipality to punctually pay or duly provide for the payment of principal of, premium, if any, and interest on the Bonds when due.

(h) The Bonds are transferable only by presentation to the Registration Agent by the registered owner, or his legal representative duly authorized in writing, of the registered Bond(s) to be transferred with the form of assignment on the reverse side thereof completed in full and signed with the name of the registered owner as it appears upon the face of the Bond(s) accompanied by appropriate documentation necessary to prove the legal capacity of any legal representative of the registered owner. Upon receipt of the Bond(s) in such form and with such documentation, if any, the Registration Agent shall issue a new Bond or the Bond to the assignee(s) in \$5,000 denominations, or integral multiples thereof, as requested by the registered owner requesting transfer. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the publication of notice calling such Bond for redemption has been made, nor to transfer or exchange any Bond during the period following the receipt of instructions from the Municipality to call such Bond for redemption; provided, the Registration Agent, at its option, may make transfers after any of said dates. No charge shall be made to any registered owner for the privilege of transferring any Bond, provided that any transfer tax relating to such transaction shall be paid by the registered owner requesting transfer. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Municipality nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bonds shall be overdue. The Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in any authorized denomination or denominations.

(i) The Bonds shall be executed in such manner as may be prescribed by applicable law, in the name, and on behalf, of the Municipality with the signature of the Mayor and the attestation of the City Recorder.

(j) Except as otherwise provided in this resolution, the Bonds shall be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. References in this Section to a Bond or the Bonds shall be construed to mean the Bond or the Bonds that are held under the Book-Entry System. One Bond for each maturity shall be issued to DTC and immobilized in its custody or a custodian of DTC. The Bond Registrar is a custodian and agent for DTC, and the Bond will be immobilized in its custody. A Book-Entry System shall be employed, evidencing ownership of the Bonds in authorized denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Bonds. Beneficial ownership interests in the Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive the Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded

through the records of the DTC Participant from which such Beneficial Owner purchased its Bonds. Transfers of ownership interests in the Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE BONDS, THE REGISTRATION AGENT SHALL TREAT CEDE & CO. AS THE ONLY HOLDER OF THE BONDS FOR ALL PURPOSES UNDER THIS RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE REGISTRATION AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS RESOLUTION.

Payments of principal, interest, and redemption premium, if any, with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid by the Registration Agent directly to DTC or its nominee, Cede & Co., as provided in the Letter of Representation relating to the Bonds from the Municipality and the Registration Agent to DTC (the "Letter of Representation"). DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. The Municipality and the Registration Agent shall not be responsible or liable for payment by DTC or DTC Participants for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (1) DTC determines not to continue to act as securities depository for the Bonds, or (2) the Municipality determines that the continuation of the Book-Entry System of evidence and transfer of ownership of the Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Bonds, then the Municipality shall discontinue the Book-Entry System with DTC or, upon request of such original purchaser, deliver the Bonds to the original purchaser in the form of fully-registered Bonds, as the case may be. If the Municipality fails to identify another qualified securities depository to replace DTC, the Municipality shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully-registered Bonds to each Beneficial Owner. If the purchaser(s) certifies that it intends to hold the Bonds for its own account, then the Municipality may issue certificated Bonds without the utilization of DTC and the Book-Entry System.

THE MUNICIPALITY AND THE REGISTRATION AGENT SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE BONDS; (ii) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (iii) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; (iv) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS RESOLUTION TO BE GIVEN TO BENEFICIAL OWNERS; (v) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (vi) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR ITS NOMINEE, CEDE & CO., AS OWNER.

(k) The Registration Agent is hereby authorized to take such action as may be necessary from time to time to qualify and maintain the Bonds for deposit with DTC, including but not limited to, wire transfers of interest and principal payments with respect to the Bonds, utilization of electronic book entry data received from DTC in place of actual delivery of Bonds and provision of notices with respect to Bonds registered by DTC (or any of its designees identified to the Registration Agent) by overnight delivery, courier service, telegram, telecopy or other similar means of communication. No such arrangements with DTC may adversely affect the interest of any of the owners of the Bonds; provided,

however, that the Registration Agent shall not be liable with respect to any such arrangements it may make pursuant to this Section.

(l) The Registration Agent is hereby authorized to authenticate and deliver the Bonds to the original purchaser, upon receipt by the Municipality of the proceeds of the sale thereof and to authenticate and deliver Bonds in exchange for Bonds of the same principal amount delivered for transfer upon receipt of the Bond(s) to be transferred in proper form with proper documentation as hereinabove described. The Bonds shall not be valid for any purpose unless authenticated by the Registration Agent by the manual signature of an officer thereof on the certificate set forth herein on the Bond form.

(m) In case any Bond shall become mutilated, or be lost, stolen, or destroyed, the Municipality, in its discretion, shall issue, and the Registration Agent, upon written direction from the Municipality, shall authenticate and deliver, a new Bond of like tenor, amount, maturity and date, in exchange and substitution for, and upon the cancellation of, the mutilated Bond, or in lieu of and in substitution for such lost, stolen or destroyed Bond, or if any such Bond shall have matured or shall be able to mature, instead of issuing a substituted Bond the Municipality may pay or authorize payment of such Bond without surrender thereof. In every case, the applicant shall furnish evidence satisfactory to the Municipality and the Registration Agent of the destruction, theft or loss of such Bond, and indemnify satisfactory to the Municipality and the Registration Agent; and the Municipality may charge the applicant for the issue of such new Bond an amount sufficient to reimburse the Municipality for the expense incurred by it in the issue thereof.

Section 5. Source of Payment. The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the Municipality. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, the full faith and credit of the Municipality are hereby irrevocably pledged.

Section 6. Form of Bonds. The Bonds shall be in substantially the following form, the omissions to be appropriate completed when the Bonds are prepared and delivered:

(Form of Bond)

REGISTERED
Number _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TENNESSEE
COUNTY OF SUMNER
CITY OF GALLATIN, TENNESSEE
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013

Interest Rate:

Maturity Date:

Date of Bond:

CUSIP No.:

Registered Owner:

Principal Amount:

FOR VALUE RECEIVED, the City of Gallatin, Tennessee (the "Municipality") hereby promises to pay to the registered owner hereof, hereinabove named, or registered assigns, in the manner hereinafter provided, the principal amount hereinabove set forth on the maturity date hereinabove set forth (or upon earlier redemption as set forth herein), and to pay interest (computed on the basis of a 360-day year of

twelve 30-day months) on said principal amount at the annual rate interest hereinabove set forth from the date hereof until said maturity date or redemption date, said interest being payable on January 1, 2014, and semi-annually thereafter on the first day of January and July in each year until this Bond matures or is redeemed. The principal hereof and interest hereon are payable in lawful money of the United States of America by check or draft at the principal corporate trust office of _____, _____, as registration and agent and paying agent (the "Registration Agent"). The Registration Agent shall make all interest payments with respect to this Bond on each interest payment date directly to the registered owner hereof shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the "Regular Record Date") by check or draft mailed to such owner at such owner's address shown on said Bond registration records, without, except for final payment, the presentation or surrender of this Bond, and all such payments shall discharge the obligations of the Municipality to the extent of the payments so made. Any such interest not so punctually paid or duly provided for on any interest payment date shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such defaulted interest shall be payable to the person in whose name this Bond is registered at the close of business on the date (the "Special Record Date") for payment of such defaulted interest to be fixed by the Registration Agent, notice of which shall be given to the owners of the Bonds of the issue of which this Bond is one not less than ten (10) days prior to such Special Record Date. Payment of principal of [and premium, if any, on] this Bond shall be made when due upon presentation and surrender of this Bond to the Registration Agent.

Except as otherwise provided herein or in the Resolution, as hereinafter defined, this Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds of the series of which this Bond is one. One Bond for each maturity of the Bonds shall be issued to DTC and immobilized in its custody. A book-entry system shall be employed, evidencing ownership of the Bonds in \$5,000 denominations, or multiples thereof, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants, as defined in the Resolution, pursuant to rules and procedures established by DTC. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, the Municipality and the Registration Agent shall treat Cede & Co. as the only owner of the Bonds for all purposes under the Resolution, including receipt of all principal and maturity amounts of, premium, if any, and interest on the Bonds, receipt of notices, voting and requesting or taking or not taking, or consenting to, certain actions hereunder. Payments of principal, maturity amounts, interest, and redemption premium, if any, with respect to the Bonds, so long as DTC is the only owner of the Bonds, shall be paid directly to DTC or its nominee, Cede & Co. DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners, as defined in the Resolution. Neither the Municipality nor the Registration Agent shall be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants. In the event that (1) DTC determines not to continue to act as securities depository for the Bonds or (2) the Municipality determines that the continuation of the book-entry system of evidence and transfer of ownership of the Bonds would adversely affect its interests or the interests of the Beneficial Owners of the Bonds, the Municipality may discontinue the book-entry system with DTC. If the Municipality fails to identify another qualified securities depository to replace DTC, the Municipality shall cause the Registration Agent to authenticate and deliver replacement Bonds in the form of fully-registered Bonds to each Beneficial Owner. Neither the Municipality nor the Registration Agent shall have any responsibility or obligations to DTC Participant or any Beneficial Owner with respect to (i) the Bonds; (ii) the accuracy or any records maintained by DTC or any DTC Participant; (iii) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal or maturity amounts of and interest on the Bonds; (iv) the delivery or timeliness of delivery by DTC or any DTC Participant of any notice due to any Beneficial Owner that is required or permitted under the terms of the Resolution to be given to Beneficial Owners; (v) the selection of Beneficial Owners to receive

payments in the event of any partial redemption of the Bonds; or (vi) any consent given or other action taken by DTC, or its nominee, Cede & Co., as owner.

[Bonds of the issue of which this Bond is one shall be subject to redemption prior to maturity at the option of the Municipality on January 1, 2023 and thereafter, as a whole or in part at any time at the redemption price of par plus accrued interest to the redemption date.]

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be designated by the City Council of the Municipality, in its discretion. If less than all the principal amount of the Bonds of a maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

[Subject to the credit hereinafter provided, the Municipality shall redeem Bonds maturing _____ on the redemption dates set forth below opposite the maturity dates, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. DTC, as securities depository for the series of Bonds of which this Bond is one, or such Person as shall then be serving as the securities depository for the Bonds, shall determine the interest of each Participant in the Bonds to be redeemed using its procedures generally in use at that time. If DTC or another securities depository is no longer serving as securities depository for the Bonds, the Bonds to be redeemed within a maturity shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall select. The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

<u>Final Maturity</u>	<u>Redemption Date</u>	<u>Principal Amount of Bonds Redeemed</u>
-----------------------	------------------------	---

*Final Maturity

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the Municipality may (i) deliver to the Registration Agent for cancellation Bonds to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the

operation of this mandatory sinking fund redemption provision) and cancelled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the Municipality on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The Municipality shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.]

Notice of any call for redemption shall be given by the Registration Agent not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which proper notice was given. As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the Municipality nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant will not affect the validity of such redemption. From and after any redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and it notice has been duly provided as set forth in the Resolution, as hereafter defined.

This Bond is transferable by the registered owner hereof in person or by such owner's attorney duly authorized in writing at the principal corporate trust office of the Registration Agent set forth on the front side hereof, but only in the manner, subject to limitations and upon payment of the charges provided in the Resolution, as hereafter defined, and upon surrender and cancellation of this Bond. Upon such transfer, a new Bond or Bonds of authorized denominations of the same maturity and interest rate for the same aggregate principal amount will be issued to the transferee in exchange therefor. The person in whose name this Bond is registered shall be deemed and regarded as the absolute owner thereof for all purposes and neither the Municipality nor the Registration Agent shall be affected by any notice to the contrary whether or not any payments due on the Bond shall be overdue. Bonds, upon surrender to the Registration Agent, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of the Bonds of the same maturity in authorized denomination or denominations, upon the terms set forth in the Resolution. The Registration Agent shall not be required to transfer or exchange any Bond during the period commencing on a Regular Record Date or Special Record Date and ending on the corresponding interest payment date of such Bond, nor to transfer or exchange any Bond after the notice calling such Bond for redemption has been made, nor during a period following the receipt of instructions from the Municipality to call such Bond for redemption.

This Bond is one of a total authorized issue aggregating \$_____ and issued by the Municipality to finance the refunding of the Municipality's outstanding General Obligation Improvement Bonds, Series 2007, dated February 28, 2007, maturing on or after January 1, 2018 and the issuance costs of the Bonds, pursuant to 9-21-101, *et seq.*, Tennessee Code Annotated, as amended, and pursuant to a resolution adopted by the City Council of the Municipality on September 3, 2013 (the "Resolution").

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the Municipality. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, the full faith and credit of the Municipality are hereby irrevocably pledged.

This Bond and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on interest on the Bond during the period the Bond is held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Bond in Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

It is hereby certified, recited, and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond exist, happen and be performed precedent to and in the issuance of this Bond 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 indebtedness of the Municipality, does not exceed any limitation prescribed by the constitution and statutes of the State of Tennessee.

IN WITNESS WHEREOF, the Municipality has caused this Bond to be signed by its Mayor and attested by its City Recorder under the corporate seal of the Municipality, all as of the date hereinabove set forth.

CITY OF GALLATIN, TENNESSEE

By: _____
Mayor

(SEAL)

ATTESTED:

City Recorder

Transferable and payable at the
principal corporate trust office of: _____

Date of Registration: _____

This Bond is one of the issue of Bonds issued pursuant to the Resolution hereinabove described.

Registration Agent

By: _____
Authorized Officer

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____, whose address is _____ (Please insert Federal Identification or Social Security Number of Assignee _____), the within Bond of City of Gallatin, Tennessee, and does hereby irrevocably constitute and appoint _____, attorney, to transfer the said Bond on the records kept for registration thereof with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of a Medallion Program acceptable to the Registration Agent

Section 7. Levy of Tax. The Municipality, through its Governing Body, shall annually levy and collect a tax upon all taxable property within the Municipality, in addition to all other taxes authorized by law, sufficient to pay principal of, premium, if any, and interest on the Bonds when due, and for that purpose there is hereby levied a direct annual tax in such amount as may be found necessary each year to pay principal and interest coming due on the Bonds in said year. Principal and interest falling due at any time when there are insufficient funds from this tax levy on hand shall be paid from the current funds of the Municipality and reimbursement therefor shall be made out of the taxes hereby provided to the levied when the same shall have been collected. The tax herein provided may be reduced to the extent of any direct appropriations from other funds, taxes and revenues of the Municipality to the payment of debt service on the Bonds.

Section 8. Sale of Bonds.

(a) The Bonds or any emission thereof shall be sold by negotiated sale to the Underwriter, at a price of not less than 98% of par, plus accrued interest, as shall be determined by the Mayor. The Mayor is authorized to execute a Bond Purchase Agreement with the Underwriter, detailing the terms of the sale. The Bond Purchase Agreement shall be in substantially in the form attached hereto as Exhibit B, together with such changes and may be approved by the Mayor consistent with the terms hereof. The sale of the Bonds, or any emission thereof, to the Underwriter shall be binding on the Municipality and no further action of the Governing Body with respect thereto shall be required.

(b) If the Bonds are sold in more than one series, the Mayor is authorized to cause to be sold in each series an aggregate principal amount of Bonds less than that shown in Section 4 hereof for each

series, so long as the total aggregate principal amount of all series issued does not exceed the total aggregate of Bonds authorized to be issued herein.

(c) The Mayor is further authorized with respect to each series of Bonds to:

(1) change the dated date of the Bonds, or any series thereof, to a date other than the date of issuance of the Bonds;

(2) change the designation of the Bonds, or any series thereof, to a designation other than "General Obligation Refunding Bonds" and to specify the series designation of the Bonds, or any series thereof;

(3) change the first interest payment date on the Bonds, or any series thereof, to a date other than January 1, 2014, provided that such date is not later than twelve months from the dated date of such series of Bonds;

(4) adjust the principal and interest payment dates and the maturity amounts of the Bonds, or any series thereof, provided that (A) the total principal amount of all series of the Bonds does not exceed the total amount of Bonds authorized herein; and (B) the final maturity date of each series shall not exceed the final maturity described in Section 4 hereof.

(5) adjust or remove the Municipality's optional redemption provisions of the Bonds, provided that the premium amount to be paid on Bonds or any series thereof does not exceed two percent (2%) of the principal amount thereof;

(6) refund less than all of the Outstanding Indebtedness;

(7) sell the Bonds, or any series thereof, or any maturities thereof as Term Bonds with mandatory redemption requirements corresponding to the maturities set forth herein or as otherwise determined by the Mayor, as he shall deem most advantageous to the Municipality; and

(8) cause all or a portion of the Bonds to be insured by a bond insurance policy issued by a nationally recognized bond insurance company if such insurance is requested and paid for by the winning bidder of the Bonds, or any series thereof.

The form of the Bond set forth in Section 6 hereof shall be conformed to reflect any changes made pursuant to this Section 8 hereof.

(d) The Mayor is authorized to sell the Bonds, or any series thereof, simultaneously with any other bonds or notes authorized by resolution or resolutions of the Governing Body. The Mayor is further authorized to sell the Bonds, or any series thereof, as a single issue of bonds with any other bonds with substantially similar terms authorized by resolution or resolutions of the Governing Body, in one or more series as the Mayor shall deem to be advantageous to the Municipality and in doing so, the Mayor is authorized to change the designation of the Bonds to a designation other than "General Obligation Refunding Bonds"; provided, however, that the total aggregate principal amount of combined bonds to be sold does not exceed the total aggregate principal amount of Bonds authorized by this resolution or bonds authorized by any other resolution or resolutions adopted by the Governing Body.

(e) The Mayor and City Recorder are authorized to cause the Bonds, in book-entry form (except as otherwise permitted herein), to be authenticated and delivered by the Registration Agent to the Underwriter and to execute, publish, and deliver all certificates and documents, including an official

statement and closing certificates, as they shall deem necessary in connection with the sale and delivery of the Bonds. The Mayor is hereby authorized to enter into a contract with Bass, Berry & Sims PLC to serve as bond counsel in connection with the Bonds.

Section 9. Disposition of Bond Proceeds. The proceeds of the sale of the Bonds shall be disbursed as follows:

(a) all accrued interest, if any, shall be deposited to the appropriate fund of the Municipality to be used to pay interest on the Bonds on the first interest payment date following delivery of the Bonds;

(b) an amount sufficient, together with such other Municipality funds as may be identified by the Mayor and, if applicable, investment earnings on the foregoing, to refund the Refunded Indebtedness shall be applied to the refunding thereof by depositing such funds with the Escrow Agent.

(c) the remainder of the proceeds of the sale of the Bonds shall be used to pay costs of issuance of the Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, Registration Agent fees, bond insurance premiums, if any, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds.

Section 10. Official Statement. The officers of the Municipality, or any of them, are hereby authorized and directed to provide for the preparation and distribution of a Preliminary Official Statement describing the Bonds. After bids have been received and the Bonds have been awarded, the officers of the Municipality, or any of them, shall make such completions, omissions, insertions and changes in the Preliminary Official Statement not inconsistent with this resolution as are necessary or desirable to complete it as a final Official Statement for purposes of Rule 15c2-12(e)(3) of the Securities and Exchange Commission. The officers of the Municipality, or any of them, shall arrange for the delivery to the successful bidder on the Bonds of a reasonable number of copies of the Official Statement within seven business days after the Bonds have been awarded for delivery, by the successful bidder on the Bonds, to each potential investor requesting a copy of the Official Statement and to each person to whom such bidder and members of his bidding group initially sell the Bonds.

The Mayor and the City Recorder, or either of them, are authorized, on behalf of the Municipality, to deem the Preliminary Official Statement and the Official Statement in final form, each to be final as of its date within the meaning of Rule 15c2-12(b)(1), except for the omission in the Preliminary Official Statement of certain pricing and other information allowed to be omitted pursuant to such Rule 15c2-12(b)(1). The distribution of the Preliminary Official Statement and the Official Statement in final form shall be conclusive evidence that each has been deemed in final form as of its date by the Municipality except for the omission in the Preliminary Official Statement of such pricing and other information.

Notwithstanding the foregoing, no Official Statement is required to be prepared if the Bonds, or any series thereof, are purchased by a purchaser that certifies that such purchaser intends to hold the Bonds, or any series thereof, for its own account and has no present intention to reoffer the Bonds, or any series thereof.

Section 11. Refunding Escrow Agreement. For the purpose of providing for the payment of the principal of and premium, if any, and interest on the Refunded Indebtedness, the Mayor is hereby authorized and directed to execute and the City Recorder to attest on behalf of the Municipality the Refunding Escrow Agreement with the Escrow Agent and to deposit with the Escrow Agent the amounts to be used by the Escrow Agent to purchase Government Securities as provided therein; provided,

however, that the yield on such investments shall be determined in such manner that none of the Bonds will be an "arbitrage bond" within the meaning of Section 148(a) of the Code. The form of the Refunding Escrow Agreement presented to this meeting and attached hereto as Exhibit C is hereby in all respects approved and the Mayor and the City Recorder are hereby authorized and directed to execute and deliver same on behalf of the Municipality in substantially the form thereof presented to this meeting, or with such changes as may be approved by the Mayor and the City Recorder, their execution thereof to constitute conclusive evidence of their approval of all such changes, including modifications to the Refunding Escrow Agreement. The Escrow Agent is hereby authorized and directed to hold and administer all funds deposited in trust for the payment when due of principal of and premium, if any, and interest on the Refunded Indebtedness and to exercise such duties as set forth in the Refunding Escrow Agreement.

Section 12. Redemption and Prepayment of the Refunded Indebtedness. The Mayor and the City Recorder, or either of them, are hereby authorized and directed to take all steps necessary to prepay or redeem the Refunded Indebtedness at their earliest possible prepayment or redemption date, including the giving of and publication of any prepayment or redemption notice as required by the resolutions authorizing the issuance of the Refunded Indebtedness.

Section 13. Discharge and Satisfaction of Bonds. If the Municipality shall pay and discharge the indebtedness evidenced by any series of the Bonds in any one or more of the following ways, to wit:

(a) By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Bonds as and when the same become due and payable;

(b) By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers (an "Agent"; which agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Federal Obligations, as hereafter defined, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice);

(c) By delivering such Bonds to the Registration Agent for cancellation by it;

and if the Municipality shall also pay or cause to be paid all other sums payable hereunder by the Municipality with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Escrow Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the Municipality to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

If the Municipality shall pay and discharge the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Federal Obligations deposited as aforesaid.

Except as otherwise provided in this Section, neither Federal Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Federal Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for,

the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Federal Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Municipality as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Federal Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Municipality, as received by the Registration Agent. For the purposes of this Section, Federal Obligations shall direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, obligations of any agency or instrumentality of the United States or any other obligations at the time of the purchase thereof are permitted investments under Tennessee Law for the purposes described in this Section, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

Section 14. Federal Tax Matters Related to the Bonds.

(a) The Bonds will be issued as federally tax-exempt bonds. The Municipality hereby covenants that it will not use, or permit the use of, any proceeds of the Bonds in a manner that would cause the Bonds to be subjected to treatment under Section 148 of the Code, and applicable regulations thereunder, as an “arbitrage bond”. To that end, the Municipality shall comply with applicable regulations adopted under said Section 148. The Municipality further covenants with the registered owners from time to time of the Bonds that it will, throughout the term of the Bonds and through the date that the final rebate, if any, must be made to the United States in accordance with Section 148 of the Code, comply with the provisions of Sections 103 and 141 through 150 of the Code and all regulations proposed and promulgated thereunder that must be satisfied in order that interest on the Bonds shall be and continue to be excluded from gross income for federal income tax purposes under Section 103 of the Code.

(b) The Governing Body hereby delegates to the Mayor the authority to designate, and determine whether to designate, the Bonds as “qualified tax-exempt obligations,” as defined in Section 265 of the Code, to the extent the Bonds are not deemed designated as such and may be designated as such.

(c) The appropriate officers of the Municipality are authorized and directed, on behalf of the Municipality, to execute and deliver all such certificates and documents that may be required of the Municipality in order to comply with the provisions of this Section related to the issuance of the Bonds and to administer the Municipality’s Federal Tax Compliance Policies and Procedures with respect to the Bonds.

Section 15. Continuing Disclosure. The Municipality hereby covenants and agrees that it will provide annual financial information and material event notices if and as required by Rule 15c2-12 of the Securities Exchange Commission for the Bonds. The Mayor is authorized to execute at the Closing of the sale of the Bonds an agreement for the benefit of and enforceable by the owners of the Bonds specifying the details of the financial information and material event notices to be provided and its obligations relating thereto. Failure of the Municipality to comply with the undertaking herein described and to be detailed in said closing agreement shall not be a default hereunder, but any such failure shall entitle the owner or owners of any of the Bonds to take such actions and to initiate such proceedings as shall be necessary and appropriate to cause the Municipality to comply with their undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

Section 16. Resolution a Contract. The provisions of this resolution shall constitute a contract between the Municipality and the registered owners of the Bonds, and after the issuance of the Bonds, no change, variation or alteration of any kind in the provisions of this resolution shall be made in any manner until such time as the Bonds and interest due thereon shall have been paid in full.

Section 17. Separability. If any section, paragraph or provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this resolution.

Section 18. Repeal of Conflicting Resolutions and Effective Date. All other resolutions and orders, or parts thereof in conflict with the provisions of this resolution, are, to the extent of such conflict, hereby repealed and this resolution shall be in immediate effect from and after its adoption.

Duly adopted and approved on August 20, 2013.

Mayor

Attested:

City Recorder

STATE OF TENNESSEE)

COUNTY OF SUMNER)

I, Connie Kittrell, certify that I am the duly qualified and acting City Recorder of City of Gallatin, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a meeting of the governing body of the Municipality held on August 20, 2013; that these minutes were promptly and fully recorded and are open to public inspection; that I have compared said copy with the original minute record of said meeting in my official custody; and that said copy is a true, correct and complete transcript from said original minute record insofar as said original record relates to the Municipality's General Obligation Refunding Bonds.

WITNESS my official signature and seal of said Municipality on _____, 20__.

City Recorder

(SEAL)

EXHIBIT A

REPORT ON PLAN OF REFUNDING OF DIRECTOR OF STATE AND LOCAL FINANCE

EXHIBIT B

FORM OF BOND PURCHASE AGREEMENT

GALLATIN, TENNESSEE

\$ _____ GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013

BOND PURCHASE AGREEMENT

_____, 2013

City of Gallatin, Tennessee
132 West Main Street
Gallatin, TN 37066

Ladies and Gentlemen:

The undersigned, Wiley Bros. – Aintree Capital, LLC, Nashville, Tennessee (the "Underwriter"), offers to enter into the following agreement with the City of Gallatin, Tennessee (the "City"), which, upon the City's acceptance and approval hereof, will be binding upon the City and upon the Underwriter. This offer is made subject to acceptance by the City, by execution of this Bond Purchase Agreement and its delivery to the Underwriter, on or before 11:59 p.m. central time on the date hereof, and, if not so accepted, will be thereafter subject to withdrawal by the Underwriter upon written notice delivered to the City at any time prior to acceptance by the City.

Capitalized terms used herein and not defined herein shall have the meanings given them in the Resolution (as hereinafter defined).

1. Purchase and Sale of the Bonds.

(a) Upon the basis of the representations, warranties, covenants and agreements herein contained, but subject to the terms and conditions herein set forth, the Underwriter hereby agrees to purchase from the City for offering to the public, and the City hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of \$ _____ in aggregate principal amount of General Obligation Refunding Bonds, Series 2013, dated their delivery date (the "Bonds") at the purchase price of \$ _____ (consisting of the aggregate principal amount of the Bonds, less underwriter's discount of \$ _____, plus original issue premium of \$ _____). The Bonds shall bear interest, shall mature, shall be redeemable and shall otherwise be as described in Exhibit A attached hereto and incorporated herein by reference.

(b) The Bonds shall be issued and secured under the provisions of a resolution adopted on _____ (the "Resolution"), by the Board of Mayor and Aldermen of the City (the "Board"), providing for the issuance of the Bonds pursuant to Sections 9-21-101 et seq., Tennessee Code Annotated, as amended, and other applicable provisions of law. The proceeds to be received by the City from the sale of the Bonds are for the purpose of providing funds to (i) refund the City's outstanding General Obligation Improvement Bonds, Series 2007, dated February 28, 2007, maturing January 1, 2018 and thereafter (the "Refunded Bonds"), and (ii) fund pay costs of issuing the Bonds.

(c) After acceptance of this offer by the City, the Underwriter agrees to make a bona fide public offering of all the Bonds at prices not in excess of the initial public offering prices

(which may be expressed in terms of yield) set forth on the cover page of the Official Statement, dated the date hereof (the "Official Statement"). The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts) at prices lower than such initial public offering prices in the sole discretion of the Underwriter. Subsequent to such initial public offering, the Underwriter reserves the right to change the public offering prices as it may deem necessary in connection with the marketing of the Bonds.

(d) At the time of the City's acceptance hereof (or as soon as reasonably practicable thereafter, but no later than the Closing (as hereinafter defined)), the City shall have delivered, or caused to be delivered, to the Underwriter: (i) a certified copy of the Resolution; and (ii) a copy of the Official Statement, manually signed on behalf of the City by the President and Secretary of the Board.

(e) The City authorizes the Underwriter to use copies of the Official Statement and the information contained therein in connection with the public offering and sale of the Bonds and agrees not to supplement or amend, or cause to be supplemented or amended, the Official Statement, at any time prior to the Closing, without the consent of the Underwriter. The City ratifies and confirms the use by the Underwriter, prior to the date hereof in connection with the public offering of the Bonds, of the Preliminary Official Statement of the City relating to the Bonds, dated _____, 2013, which with any and all appendices, exhibits, maps, reports and summaries included therein is hereinafter called the "Preliminary Official Statement".

(f) As of its date, the Preliminary Official Statement has been "deemed final" (except for permitted omissions) by the City for purposes of Rule 15c2-12(b)(1) of the Securities and Exchange Commission. The City will deliver, or cause to be delivered, to the Underwriter, promptly after the acceptance hereof, but in any event within seven (7) days of the date hereof, copies of the Official Statement, sufficient to enable the Underwriter to comply with the requirements of Rule 15c2-12 of the Securities Exchange Commission (and the related rules of the Municipal Securities Rulemaking Board).

2. Closing. At 11:00 a.m., central time, on _____, 2013, or at such other time or date as shall have been mutually agreed upon by the City and the Underwriter, the City will deliver, or cause to be delivered, to the Underwriter, or such agent as it shall designate, the Bonds, in book-entry form, duly executed on the City's behalf, together with the other documents hereinafter mentioned, and the Underwriter will accept, or cause to be accepted, such delivery and pay to the City the purchase price of the Bonds in the amount set forth in Section 1 hereof by wire transfer payable in immediately available funds or such other medium of payment as shall be acceptable to the City. Payment for the Bonds as aforesaid shall be made at the offices of Bass, Berry & Sims PLC, Nashville, Tennessee and delivery of the Bonds shall be made through Depository Trust Company, New York, New York, or at such other location mutually acceptable to the parties. Such payment and delivery is herein called the "Closing" and the date of the Closing is herein called the "Closing Date". The Bonds shall be issued initially in \$5,000 denominations or integral multiples thereof as shall be requested by the Underwriter, shall be issued in fully registered book-entry form, without coupons, and shall bear interest at the rates per annum set forth on the attached Exhibit A, payable semi-annually on January 1 and July 1 of each year, commencing January 1, 2014. The Bonds shall bear CUSIP numbers, shall be registered in such names and in such denominations as shall be designated in writing by the Underwriter to the City or _____, the registration and paying agent for the Bonds (the "Registration Agent"), and shall be duly authenticated by the Registration Agent. The Underwriter hereby instructs that the Bonds be delivered at Closing through The Depository Trust Company's "FAST Program".

3. Representations, Warranties and Covenants of the City. The City, by its acceptance hereof, represents, warrants and covenants to the Underwriter that:

(a) The Resolution has not been amended, restated or supplemented since its adoption;

(b) The City has and had, as the case may be, full legal right, power and authority to (i) adopt the Resolution and execute and deliver the Official Statement and this Bond Purchase Agreement (ii) issue, sell and deliver the Bonds to the Underwriter as provided in this Bond Purchase Agreement, the Official Statement and the Resolution, and (iii) carry out and consummate all other transactions contemplated by the aforesaid instruments;

(c) The City has (i) duly adopted the Resolution, (ii) duly authorized the execution, delivery and performance of this Bond Purchase Agreement and the Bonds, (iii) duly authorized the execution, delivery and distribution of the Official Statement, and (iv) duly authorized the taking of any and all such action as may be required on the part of the City to carry out, give effect to and consummate the transactions contemplated by the aforesaid instruments;

(d) The City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter as the Underwriter may reasonably request in order for the Underwriter (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for the distribution of the Bonds; provided, however, that in no event shall the City be required to take any action which would subject it to general or unlimited service of process in any jurisdiction in which it is not now so subject;

(e) If between the date of this Bond Purchase Agreement and the "end of the underwriting period," as defined in Rule 15c2-12 of the Securities and Exchange Commission, an event occurs, of which the City has knowledge, which might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the City will notify the Underwriter and, if such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will, at its expense, amend or supplement the Official Statement in a form and in a manner approved by the Underwriter;

(f) The City has not incurred any material liabilities, direct or contingent, nor has there been any material adverse change in the financial position, results of operations or condition, financial or otherwise, of the City since June 30, 2013, which is not described in the Official Statement, whether or not arising from transactions in the ordinary course of business;

(g) Between the date hereof and the date of the Closing, the City will not, without the prior written consent of the Underwriter, except as described in or contemplated by the Official Statement, incur any material liabilities, direct or contingent, other than in the ordinary course of business;

(h) To the extent permitted by law, the City agrees to indemnify and hold harmless the Underwriter and each person, if any, who controls (as such term is defined in Section 15 of the Securities Act of 1933, as amended) the Underwriter and the officers, agents and employees of the Underwriter against any and all losses, claims, damages, liabilities and expenses:

(i) arising out of any statement or information in the Official Statement, relating to the City that is or is alleged to be untrue or incorrect in any material respect or the omission or alleged omission therefrom of any statement or information that should be stated therein or that is necessary to make the statements therein relating to the City not misleading in any material respect, and

(ii) to the extent of the aggregate amount paid in settlement of any litigation commenced or threatened arising from a claim based upon any such untrue statement or omission if such settlement is effected with the written consent of the City;

provided, however, that the indemnity agreement contained in this Subsection shall not inure to the benefit of the Underwriter (or to the benefit of any person controlling the Underwriter), if the Underwriter failed to send or give a copy of the Official Statement to such person claiming such loss, damage, liability or expense at or prior to the written confirmation of the sale of Bonds to such person and the Underwriter was required by law to send or give such Official Statement.

In case any claim shall be made or action brought against the Underwriter or any controlling person based upon the Official Statement for which indemnity may be sought against the City, as provided above, the Underwriter shall promptly notify the City in writing setting forth the particulars of such claim or action and the City shall assume the defense thereof, including the retaining of counsel acceptable to the Underwriter and the payment of all expenses. The Underwriter or any such controlling person shall have the right to retain separate counsel in any such action but shall bear the fees and expenses of such counsel unless (i) the City shall have specifically authorized the retaining of such counsel or (ii) the parties to such suit include such Underwriter or controlling person or persons, and the City and such Underwriter or controlling person or persons have been advised by such counsel that one or more legal defenses may be available to it or them which may not be available to the City, in which case the City shall not be entitled to assume the defense of such suit notwithstanding its obligation to bear the fees and expenses of such counsel.

(i) All the certifications required to be made by the City pursuant to Section 4 hereof are true and correct as of the date hereof.

(j) Any certificate signed by any official or Commissioner of the City which purports to be signed on behalf of the City and which is delivered to the Underwriter shall be deemed to be a representation and warranty by the City to the Underwriter as to the truth of the statements made therein.

(k) For purposes of compliance with Rule 15c2-12, the City will undertake, pursuant to the Resolution and a Continuing Disclosure Agreement, to provide notices of the occurrence of certain events, if material under federal securities laws, and certain financial information. A description of these undertakings is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement.

4. Conditions of Closing. The obligations of the Underwriter hereunder shall be subject to the performance by the City of its obligations to be performed hereunder at or prior to the Closing, to the

accuracy of and compliance with the representations, warranties and covenants of the City herein, in each case as of the time of delivery of this Bond Purchase Agreement and as of the Closing, and, in the discretion of the Underwriter, to the following:

(a) at the Closing, (i) the Resolution shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and the City shall have executed and there shall be in full force and effect such additional agreements, and there shall have been taken in connection therewith and in connection with the issuance of the Bonds all such action as shall, in the opinion of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel ("Bond Counsel") and the Underwriter, be necessary in connection with the transactions contemplated hereby, (ii) the Bonds shall have been duly authorized, executed and delivered as provided herein, (iii) the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and (iv) the City shall perform or have performed all of its obligations under or specified in this Bond Purchase Agreement to be performed at or prior to the Closing;

(b) At or prior to the Closing Date, the Underwriter shall have received the following:

(i) The approving opinion, dated the Closing Date, of Bond Counsel, in substantially the form attached as Appendix E to the Official Statement, addressed to the City and the Underwriter.

(ii) A certificate, dated the Closing Date, signed by the Mayor and City Recorder of the City, in which such officers, to the best of their knowledge, information and belief, shall state that:

(A) Except as described in the Official Statement, there is no litigation or other legal or governmental action, proceeding, inquiry or investigation of any nature pending on the Closing Date, or to their knowledge threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, application of the proceeds thereof, or the payment of the Bonds pursuant to the Resolution; seeking to restrain or enjoin the execution, delivery or performance of the Bond Purchase Agreement; in any manner questioning the proceedings or authority pursuant to which the Bonds are authorized or issued; in any manner questioning or relating to the validity of the Bonds, the Resolution or the Bond Purchase Agreement; contesting in any way the completeness or accuracy of the Official Statement; in any way contesting the corporate existence or boundaries of the City or the title of its present officers to their respective offices; or contesting the powers of the City or its authority with respect to the Bonds, the Resolution, the Bond Purchase Agreement or the Official Statement, or any act to be done or documents or certificates to be executed or delivered in connection with any of them.

(B) The Resolution is as of the Closing Date in full force and effect and has not been amended, modified or supplemented, except as provided herein.

(C) The execution and delivery of the Bond Purchase Agreement and the Bonds, the adoption of the Resolution, and the compliance by the City with the terms and provisions thereof, will not conflict with, or result in any violation of any provision of the Resolution or similar incorporating or governing documents of the City or of any amendments to any of the foregoing or any indenture, mortgage, deed of trust or other

agreement or instrument to which the City is a party or by which it or its properties are bound and will not violate any decree, order, injunction, judgment, determination or award to which the City or its properties are subject.

(D) The City has complied with all the requirements and satisfied all the conditions on its part to be performed or satisfied at or prior to the delivery of the Bonds.

(E) The descriptions and statements contained in the Official Statement were at the time of its publication and distribution, and are on the Closing Date, true and correct in all material respects, and the Official Statement did not at the time of its publication and distribution, and does not on the Closing Date, contain an untrue statement of a material fact or omit to state a material fact required to be stated where necessary to make the statements made, in light of the circumstances under which they are made, not misleading.

(F) Subsequent to June 30, 2013, there has been no material adverse change in the financial position or results of operations of the City except as set forth in or contemplated by the Official Statement or as described in such certificate;

(iii) An opinion, dated the Closing Date and addressed to the Underwriter, of Joe H. Thompson, Counsel to the City, substantially in the form attached hereto as Exhibit B with such changes therein as shall be approved by the Underwriter.

(iv) Evidence that Standard & Poor's has issued a rating of " _____ " for the Bonds;

(v) An executed copy of a Refunding Escrow Agreement between the City and _____, providing for the refunding of the Refunded Bonds; and

(vi) The verification report of _____ regarding the sufficiency of Bond proceeds to refund the Refunded Bonds; and

(vii) Such additional opinions, certificates (including such certificates as may be required by regulations of the Internal Revenue Service in order to establish the tax exempt character of the Bonds, which certificates shall be satisfactory in form and substance to Bond Counsel and the Underwriter), and other evidence as the Underwriter or Bond Counsel may reasonably deem necessary to evidence the truth or accuracy as of the Closing Date of the representations and warranties of the City herein contained, and of the Official Statement and the due performance and satisfaction by the City at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by it.

The opinions and certificates and other evidence referred to above shall be in form and substance satisfactory to the Underwriter.

If the City shall be unable to satisfy the conditions to the obligations of the Underwriter contained in this Bond Purchase Agreement, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the Underwriter nor the City shall be under any further obligation hereunder.

5. Termination of Agreement. The Underwriter may terminate this Bond Purchase Agreement, without liability therefor, by notification to the City, if at any time subsequent to the date of this Bond Purchase Agreement and at or prior to the Closing:

(a) legislation shall be enacted by the Congress of the United States or a bill introduced (by amendment or otherwise) or favorably reported by a committee of the House of Representatives or the Senate of the Congress of the United States, or a decision by a court of the United States or the Tax Court of the United States shall be rendered, or a ruling, regulation or fiscal action shall be issued or proposed by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency with respect to or having the purpose or effect of including within gross income for federal income tax purposes interest received on bonds of the general character of the Bonds, which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds to be purchased by it; or

(b) any legislation, rule or regulation shall be introduced in, or be enacted by the General Assembly or any department or agency in the State of Tennessee, or a decision by any court of competent jurisdiction within the State of Tennessee shall be rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds to be purchased by it; or

(c) any amendment to the Official Statement is proposed by the City or deemed necessary by Bond Counsel pursuant to Section 2(f) hereof which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds to be purchased by it; or

(d) any fact shall exist or any event shall have occurred which, in the reasonable opinion of the Underwriter, makes the Official Statement, in the form as originally approved by the City, contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading; or

(e) there shall have occurred any outbreak or escalation of hostilities or any national or international calamity or crisis, financial or otherwise, including a general suspension of trading on any national securities exchange, which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds to be purchased by it; or

(f) legislation shall be enacted or any action shall be taken by, or on behalf of, the Securities and Exchange Commission which, in the reasonable opinion of the Underwriter, has the effect of requiring the contemplated distribution of the Bonds to be registered under the Securities Act of 1933, as amended, or the Resolution to be qualified under the Trust Indenture Act of 1939, as amended, or any laws analogous thereto relating to governmental bodies, and compliance therewith cannot be accomplished prior to the Closing; or

(g) a general banking moratorium shall have been declared by United States, New York or Tennessee authorities, which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds to be purchased by it; or

(h) any national securities exchange, or any governmental authority, shall impose, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter.

6. Expenses.

(a) The City agrees to pay all expenses incident to the performance of its obligations hereunder, including but not limited to (i) the cost of the preparation, printing or other reproduction (for distribution prior to, on, or after the date of acceptance of this Bond Purchase Agreement) of reasonable quantities of the Resolution, the Preliminary Official Statement and the Official Statement, including shipping and distribution costs (ii) the cost of printing, signing, registering and authenticating the book-entry Bonds, and (iii) the fees and disbursements of Bond Counsel, Counsel to the City, the Registration Agent, and of any other experts or consultants retained by the City.

(b) In the event that either the City or the Underwriter shall have paid obligations of the other as set forth in this Section, adjustment shall be made.

7. Miscellaneous.

(a) All notices, demands and formal actions hereunder shall be in writing and mailed, telegraphed or delivered to:

The Underwriter:

Wiley Bros. – Aintree Capital, LLC
Attention: Public Finance Department
40 Burton Hills Boulevard, Suite 350
Nashville, Tennessee 37215

The City at the address first listed above.

The City acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm's-length commercial transaction between the City and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and are not acting as the agent, advisor or fiduciary of the City, (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the City with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the City on other matters) and the Underwriter has no obligation to the Issuer with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Agreement, and (iv) the City has consulted its own legal, financial and other advisors to the extent it has deemed appropriate.

The City and the Underwriter represent and warrant that no finder or other agent has been employed by either the City or the Underwriter in connection with this transaction.

This Bond Purchase Agreement will inure to the benefit of and be binding upon the parties and their successors and assigns, and will not confer any rights upon any other person. The terms "successors"

and "assigns" shall not include any purchaser of any of the Bonds from the Underwriter merely because of such purchase.

Section headings have been inserted in this Bond Purchase Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Bond Purchase Agreement and will not be used in the interpretation of any provisions of this Bond Purchase Agreement.

If any provision of this Bond Purchase Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any constitution, statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Bond Purchase Agreement invalid, inoperative or unenforceable to any extent whatever.

This Bond Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

This Bond Purchase Agreement shall be governed by, and construed in accordance with, the law of the State of Tennessee.

This Bond Purchase Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof.

The Underwriter may waive compliance by the City with any of the conditions, requirements, covenants, warranties or representations set forth herein, but waiver by the Underwriter of any such compliance shall not be deemed a waiver of compliance with any other of the conditions, requirements, covenants, warranties or representations set forth herein.

WILEY BROS. – AINTREE CAPITAL, LLC

By: _____
Title: _____

Accepted as of the date first
above written:

CITY OF GALLATIN, TENNESSEE

By: _____
Mayor

Attest: _____
City Recorder

EXHIBIT A

\$ _____ GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013
OF
CITY OF GALLATIN, TENNESSEE

MATURITY DATE (January 1)	PRINCIPAL AMOUNT	INTEREST RATE
---------------------------------	---------------------	------------------

[*Term Bonds

Subject to any credits as permitted by the terms of the Resolution, the City shall redeem Bonds maturing on January _____ on the redemption dates set forth below opposite the maturity date, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. The Bonds to be so redeemed shall be selected by lot or in such other random manner as the Registration Agent in its discretion may designate. The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

<u>Maturity</u>	<u>Redemption Date</u>	<u>Principal Amount to be Redeemed</u>
-----------------	------------------------	--

*Final Maturity

Except as set forth above, the Bonds shall be issued in accordance with the terms of the Resolution.

EXHIBIT B

[Letterhead of Joe H. Thompson]

_____, 201__

Wiley Bros. – Aintree Capital, LLC
Nashville, Tennessee

Bass, Berry & Sims PLC
Nashville, Tennessee

Re: City of Gallatin, Tennessee (the "City") - \$_____ General Obligation Refunding
Bonds, Series 2013 (the "Bonds")

Ladies and Gentlemen:

I have acted as counsel to the City in connection with the issuance, execution, delivery and sale of the Bonds, authorized and issued by the City pursuant to a resolution of the City Council of the City, adopted on _____, 2013 (the "Resolution") and the sale of the Bonds by the City to Wiley Bros. – Aintree Capital, LLC, Nashville, Tennessee (the "Underwriter") pursuant to a Bond Purchase Agreement, dated _____, 2013 by and between the City and the Underwriter (the "Bond Purchase Agreement"). I have been requested by the City to render this opinion pursuant to Section 4(b)(iii) of the Bond Purchase Agreement. All capitalized terms used but not defined herein shall have the meanings assigned to them in the Bond Purchase Agreement.

In connection with this opinion, I have reviewed the following:

1. The Resolution, and all public notices relating thereto;
2. The bylaws and such minutes and records of the City as we have deemed necessary to render the opinion set forth herein;
3. The Bond Purchase Agreement;
4. The Preliminary Official Statement, dated _____ and the Official Statement, dated _____, published and distributed in connection with the sale of the Bonds (the "Official Statement"); and
5. Such other documents and matters of fact and law as I have deemed necessary in order to render the opinion set forth herein.

As to various issues of fact, I have relied upon the representations and warranties of the City contained in the Bond Purchase Agreement and upon statements and certificates of officers of the City without independent verification or investigation.

Based on our examination, I am of the opinion, as of the date hereof, as follows:

1. The City has all requisite power and authority and all necessary licenses and permits to own and operate its properties, to carry on its activities as now conducted and as presently proposed to be conducted and enter into and perform its obligations under the Resolution and the Bond Purchase Agreement. The Resolution hereinabove described has not been amended, modified or supplemented.

2. The Resolution has been duly and lawfully adopted by the City Council of the City at a meeting duly and regularly noticed, called and held with a quorum present and acting throughout, in compliance with Section 8-44-101 et seq., Tennessee Code Annotated, as amended, and has not been amended, modified or supplemented, except as set forth in the Bond Purchase Agreement, and is in full force and effect.

3. To the best of my knowledge, there is no litigation or other legal or governmental action, proceeding, inquiry or investigation of any nature pending on the Closing Date, or threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, application of the proceeds thereof, or the payment, collection or application of income or revenues of the City or the pledge thereof to the payment of the Bonds pursuant to the Resolution; seeking to restrain or enjoin the execution, delivery or performance of the Bond Purchase Agreement; in any manner questioning the proceedings or authority pursuant to which the Bonds are authorized or issued; in any manner questioning or relating to the validity of the Bonds, the Resolution, and the Bond Purchase Agreement; contesting in any way the completeness or accuracy of the Official Statement; in any way contesting the corporate existence or boundaries of the City or the title of its present officers to their respective offices; or contesting the powers of the City or its authority with respect to the Bonds, the Resolution, the Bond Purchase Agreement or the Official Statement, or any act to be done or documents or certificates to be executed or delivered in connection with any of them.

4. To the best of my knowledge, the execution and delivery of the Bond Purchase Agreement and the Bonds, the adoption of the Resolution, and the compliance by the City with the terms and provisions thereof, will not conflict with, or result in any violation of any provision of the Resolution or similar incorporating or governing documents of the City or of any amendments to any of the foregoing or any indenture, mortgage, deed of trust or other agreement or instrument to which the City is a party or by which it or its properties are bound and will not violate any decree, order, injunction, judgment, determination or award to which the City or its properties are subject.

5. No special, local or private act or legislation has been passed by the General Assembly of the State of Tennessee applicable to the City affecting its power to issue the Bonds or pay the principal of, premium, if any, interest on the Bonds when due.

I express no opinion herein other than as to the law of the State of Tennessee. This opinion is rendered solely for your information in connection with the above-referenced transaction and may not be delivered or quoted to any other person or relied upon for any other purpose without my prior written consent.

Yours very truly,

EXHIBIT C

FORM OF REFUNDING ESCROW AGREEMENT

12261509.1

REFUNDING ESCROW AGREEMENT

This Refunding Escrow Agreement is made and entered into as of the ___ day of _____, 201__ by and between the City of Gallatin, Tennessee (the "Municipality"), and _____ (the "Agent").

WITNESSETH:

WHEREAS, the Municipality has previously authorized and issued its outstanding General Obligation Improvement Bonds, Series 2007, dated February 28, 2007, maturing January 1, 2018 through January 1, 2027, inclusive (the "Outstanding Bonds").

WHEREAS, the Municipality has determined to provide for payment of the debt service requirements of the Outstanding Bonds by depositing in escrow with the Agent funds that, with the investment income therefrom, will be sufficient to pay the principal of and interest on the Outstanding Bonds as set forth on Exhibit A hereto; and

WHEREAS, in order to obtain the funds needed to refund the Outstanding Bonds, the Municipality has authorized and issued its General Obligation Refunding Bonds, Series 2013, dated _____, 201__ (the "Refunding Bonds"); and

WHEREAS, a portion of the proceeds derived from the sale of the Refunding Bonds will be deposited in escrow with the Agent hereunder, and applied to the purchase of certain securities described herein, the principal amount thereof together with interest thereon to mature at such times and in such amounts as shall be sufficient to pay when due all of the principal of and interest on the Outstanding Bonds as set forth on Exhibit A; and

WHEREAS, in order to create the escrow hereinabove described, provide for the deposit of said Refunding Bond proceeds and the application thereof, and to provide for the payment of the Outstanding Bonds, the parties hereto do hereby enter into this Agreement.

NOW, THEREFORE, the Municipality, in consideration of the foregoing and the mutual covenants herein set forth and in order to secure the payment of the Outstanding Bonds according to their tenor and effect, does by these presents hereby grant, warrant, demise, release, convey, assign, transfer, alien, pledge, set over and confirm, to the Agent, and to its successors hereunder, and to it and its assigns forever, in escrow, all and singular the property hereinafter described to wit:

DIVISION I

All right, title and interest of the Municipality in and to \$ _____, representing \$ _____ derived from the proceeds of the sale of the Refunding Bonds and \$ _____ other legally available funds of the Municipality.

DIVISION II

All right, title and interest of the Municipality in and to the Government Securities purchased with the funds described in Division I hereof and more particularly described in Exhibit B, attached hereto, and to all income, earnings and increment derived from or accruing to the Government Securities.

DIVISION III

Any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred in escrow hereunder by the Municipality or by anyone in its behalf to the Agent, which is hereby authorized to receive the same at any time to be held in escrow hereunder.

DIVISION IV

All property that is by the express provisions of this Agreement required to be subject to the pledge hereof and any additional property that may, from time to time hereafter, by delivery or by writing of any kind, be subject to the pledge hereof, by the Municipality or by anyone in its behalf, and the Agent is hereby authorized to receive the same at any time to be held in escrow hereunder.

TO HAVE AND TO HOLD, all and singular, the escrowed property, including all additional property which by the terms hereof has or may become subject to this Agreement, unto the Agent, and its successors and assigns, forever.

The escrowed property shall be held in escrow for the benefit and security of the owners from time to time of the Outstanding Bonds; but if the principal of and interest on the Outstanding Bonds shall be fully and promptly paid when due in accordance with the terms hereof, then this Agreement shall be and become void and of no further force and effect, otherwise the same shall remain in full force and effect, subject to the covenants and conditions hereinafter set forth.

ARTICLE I. DEFINITIONS AND CONSTRUCTION

Section 1.1 Definitions. In addition to words and terms elsewhere defined in this Agreement, the following words and terms as used in this Agreement shall have the following meanings, unless some other meaning is plainly intended:

"Agent" means _____, and its successors and assigns;

"Agreement" means this Refunding Escrow Agreement, dated as of the date of the Refunding Bonds, between the Municipality and the Agent;

"Bond Resolution" means the resolution adopted by the City Council of the Municipality on _____, 2013, authorizing the Refunding Bonds;

"Code" means the Internal Revenue Code of 1986, as amended, and any lawful regulations promulgated thereunder;

"Municipality" means the City of Gallatin, Tennessee;

"Escrow Fund" shall have the meaning ascribed to it in Section 2(a) hereof;

"Escrow Property", "escrow property" or "escrowed property" means the property, rights and interest of the Municipality that are described in Divisions I through IV of this Agreement and hereinabove conveyed in escrow to the Agent;

"Government Securities" means obligations and securities described in Section 9-21-914, Tennessee Code Annotated;

"Outstanding Bonds" shall have the meaning ascribed to it in the above preambles;

"Refunding Bonds" means the Municipality's General Obligation Refunding Bonds, Series 2013, dated _____, 201__; and

"Written Request" shall mean a request in writing signed by the Mayor, the City Recorder and the Director of Finance or any of them.

Section 1.2 Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. The word "person" shall include corporations, associations, natural persons and public bodies unless the context shall otherwise indicate. Reference to a person other than a natural person shall include its successors.

ARTICLE II.

ESTABLISHMENT AND ADMINISTRATION OF FUNDS

Section 2.1 Creation of Escrow; Deposit of Funds. The Municipality hereby creates and establishes with the Agent a special and irrevocable escrow composed of the Escrowed Property and hereby deposits with the Agent and the Agent hereby acknowledges receipt of \$ _____ as described in Division I hereof. The monies so deposited, together with investment income therefrom, is herein referred to as the "Escrow Fund" and shall constitute a fund to be held by the Agent as a part of the Escrowed Property created, established, and governed by this Agreement.

Section 2.2 Investment of Funds. The monies described in Section 2(a) hereof shall be held or invested as follows:

(a) the amount of \$ _____ shall be used to purchase the Government Securities described on Exhibit B attached hereto; and

(b) the amount of \$ _____ shall be held as cash in a non-interest-bearing account.

Except as provided in Sections 2.04 and 2.06 hereof, the investment income from the Government Securities in the Escrow Fund shall be credited to the Escrow Fund and shall not be reinvested. The Agent shall have no power or duty to invest any monies held hereunder or to make substitutions of Government Securities held hereunder or to sell, transfer, or otherwise dispose of the Government Securities acquired hereunder except as provided herein.

Section 2.3 Disposition of Escrow Funds. The Agent shall without further authorization or direction from the Municipality collect the principal and interest on the Government Securities promptly as the same shall fall due. From the Escrow Fund, to the extent that monies therein are sufficient for such purpose, the Agent shall make timely payments to the proper paying agent, or its successor, for the Outstanding Bonds of monies sufficient for the payment of the principal of and interest on the Outstanding Bonds as the same shall become due and payable. Amounts and dates of principal and interest payments and redemption dates and the name and address of the paying agent with respect to the Outstanding Bonds are set forth on Exhibit A. Payment on the dates to the respective paying agent in accordance with Exhibit A shall constitute full performance by the Agent of its duties hereunder with respect to each respective payment. The Municipality represents and warrants that the Escrow Fund, if held, invested and disposed of by the Agent in accordance with the provisions of this Agreement, will be sufficient to make the foregoing payments. No paying agent fees, fees and expenses of the Agent, or any other costs and expenses associated with the Refunding Bonds or the Outstanding Bonds shall be paid from the Escrow Fund, and the Municipality agrees to pay all such fees, expenses, and costs from its legally available funds as such payments become due. When the Agent has made all required payments of principal and interest on the Outstanding Bonds to the respective paying agent as hereinabove provided, the Agent shall transfer any monies or Government Securities then held hereunder to the Municipality and this Agreement shall terminate.

Section 2.4 Excess Funds. Except as provided in Section 2.6 hereof, amounts held by the Agent, representing interest on the Government Securities in excess of the amount necessary to make the corresponding payment of principal, interest and/or premium on the Outstanding Bonds, shall be held by the Agent without interest and shall be applied before any other Escrow Fund monies to the payment of the next ensuing principal and interest on the Outstanding Bonds. Upon retirement of all the Outstanding Bonds, the Agent shall pay any excess amounts remaining in the Escrow Fund to the Municipality.

Section 2.5 Reports. The Escrow Agent shall deliver to the City Recorder of the Municipality on or before the first day of August of each year a monthly report summarizing all transactions relating to the Escrow Fund and shall deliver to the City Recorder a report current as of December 31 of that year, which shall summarize all transactions relating to the Escrow Fund effected during that year and which also shall set forth all assets in the Escrow Fund as of December 31 and set forth opening and closing balances thereof for that year.

Section 2.6 Investment of Moneys Remaining in Escrow Fund. The Agent may invest and reinvest any monies remaining from time to time in the Escrow Fund until such time as they are needed. Such monies shall be invested in Government Securities, maturing no later than the next interest payment date of the Outstanding Bonds, or for such periods or at such interest rates as the Agent shall be directed by Written Request, provided, however, that the Municipality shall furnish the Agent, as a condition precedent to such investment, with an opinion from nationally recognized bond counsel stating that such reinvestment of such monies will not, under the statutes, rules and regulations then in force and applicable to obligations issued on the date of issuance of the Refunding Bonds, cause the interest on the Refunding Bonds or the Outstanding Bonds not to be excluded from gross income for Federal income tax purposes and that such investment is not inconsistent with the statutes and regulations applicable to the Refunding Bonds or the Outstanding Bonds. Any interest income resulting from reinvestment of monies pursuant to this Section 2.6 shall be applied first to the payment of principal of and interest and premium on the Outstanding Bonds to the extent the Escrow is or will be insufficient to retire the Outstanding Bonds as set forth on Exhibit A and any excess shall be paid to the Municipality to be applied to the payment of the Refunding Bonds or the expenses of issuance thereof.

Section 2.7 Irrevocable Escrow Created. The deposit of monies, Government Securities, matured principal amounts thereof, and investment proceeds therefrom in the Escrow Fund shall constitute an irrevocable deposit of said monies and Government Securities for the benefit of the holders of the Outstanding Bonds, except as provided herein with respect to amendments permitted under Section 4.1 hereof. All the funds and accounts created and established pursuant to this Agreement shall be and constitute escrow funds for the purposes provided in this Agreement and shall be kept separate and distinct from all other funds of the Municipality and the Agent and used only for the purposes and in the manner provided in this Agreement.

Section 2.8 Redemption of Outstanding Bonds. The Agent shall give the registration agent for the Outstanding Bonds (as described in the preambles) notice as stated on Exhibit C, attached hereto, and shall direct such registration agent for the Outstanding Bonds to give notice of redemption to the holders of the Outstanding Bonds in accordance with the resolution authorizing the Outstanding Bonds.

ARTICLE III.
CONCERNING THE AGENT

Section 3.1 Appointment of Agent. The Municipality hereby appoints the Agent as escrow agent under this Agreement.

Section 3.2 Acceptance by Agent. By execution of this Agreement, the Agent accepts the duties and obligations as Agent hereunder. The Agent further represents that it has all requisite power, and has taken all corporate actions necessary to execute the escrow hereby created.

Section 3.3 Liability of Agent. The Agent shall be under no obligation to inquire into or be in any way responsible for the performance or nonperformance by the Municipality or any paying agent of its obligations, or to protect any of the Municipality's rights under any bond proceedings or any of the Municipality's other contracts with or franchises or privileges from any state, county, municipality or other governmental agency or with any person. The Agent shall not be liable for any act done or step taken or omitted to be taken by it, or for any mistake of fact or law, or anything which it may do or refrain from doing, except for its own gross negligence or willful misconduct in the performance or nonperformance of any obligation imposed upon it hereunder. The Agent shall not be responsible in any manner whatsoever for the recitals or statements contained herein or in the Outstanding Bonds or in the Refunding Bonds or in any proceedings taken in connection therewith, but they are made solely by the Municipality. The Agent shall have no lien whatsoever upon any of the monies or investments in the Escrow Fund for the payment of fees and expenses for services rendered by the Agent under this Agreement.

The Agent shall not be liable for the accuracy of the calculations as to the sufficiency of Escrow Fund monies and Government Securities and the earnings thereon to pay the Outstanding Bonds. So long as the Agent applies any monies, the Government Securities and the interest earnings therefrom to pay the Outstanding Bonds as provided herein, and complies fully with the terms of this Agreement, the Agent shall not be liable for any deficiencies in the amounts necessary to pay the Outstanding Bonds caused by such calculations. The Agent shall not be liable or responsible for any loss resulting from any investment made pursuant to this Agreement and in full compliance with the provisions hereof.

In the event of the Agent's failure to account for any of the Government Securities or monies received by it, said Government Securities or monies shall be and remain the property of the Municipality in escrow for the benefit of the holders of the Outstanding Bonds, as herein provided, and if for any improper reason such Government Securities or monies are applied to purposes not provided for herein or misappropriated by the Agent, the assets of the Agent shall be impressed with a trust for the amount thereof until the required application of such funds shall be made or such funds shall be restored to the Escrow Fund.

Section 3.4 Permitted Acts. The Agent and its affiliates may become the owner of or may deal in the Refunding Bonds or Outstanding Bonds as fully and with the same rights as if it were not the Agent.

Section 3.5 Exculpation of Funds of Agent. Except as set forth in Section 3.3, none of the provisions contained in this Agreement shall require the Agent to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights or powers hereunder. The Agent shall be under no liability for interest on any funds or other property received by it hereunder, except as herein expressly provided.

Section 3.6 Payment of Deficiency by Municipality. A Verification Report, dated December 21, 2011 (the "Verification Report"), has been delivered by The Arbitrage Group, LLP, stating that the funds deposited to the Escrow Fund in the amount set forth in Section 2.01 and the receipts from the investment of such funds pursuant to Exhibit B hereof will be sufficient to pay to and at redemption the principal of and interest on the Outstanding Bonds. The Municipality shall not be liable for failure of performance of the Agent or the Government Securities.

Section 3.7 No Redemption or Acceleration of Maturity. The Agent will not pay any of the principal of or interest on the Outstanding Bonds, except as provided in Exhibit A attached hereto and will not redeem or accelerate the maturity of any of the Outstanding Bonds except as provided in Section 2.8 hereof.

Section 3.8 Qualifications of Agent. There shall at all times be an Agent hereunder that shall be a corporation or banking association organized and doing business under the laws of the United States or any state, authorized under the laws of its incorporation to exercise the powers herein granted, having a combined capital, surplus, and undivided profits of at least \$75,000,000 and subject to supervision or examination by federal or state authority. If such corporation or association publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this paragraph the combined capital, surplus, and undivided profits of such corporation or association shall be deemed to be its combined capital, surplus, and undivided profits as set forth in its most recent report of condition as published. In case at any time the Agent shall cease to be eligible in accordance with the provisions of this section, the Agent shall resign immediately in the manner and with the effect specified herein.

Section 3.9 Resignation of Agent. The Agent may at any time resign by giving direct written notice to the Municipality and by giving the holders of the Outstanding Bonds notice by first-class mail of such resignation. Upon receiving such notice of resignation, the Municipality shall promptly appoint a successor escrow agent by resolution of its governing body. If no successor escrow agent shall have been appointed and have accepted appointment within thirty (30) days after the publication of such notice of resignation, the resigning Agent may petition any court of competent jurisdiction located in Sumner County, Tennessee, for the appointment of a successor, or any holder of the Outstanding Bonds may, on behalf of himself and others similarly situated, petition any such court for the appointment of a successor. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor meeting the qualifications set forth in Section 3.8. The Agent shall serve as escrow agent hereunder until its successor shall have been appointed and such successor shall have accepted the appointment.

Section 3.10 Removal of Agent. In case at any time the Agent shall cease to be eligible in accordance with the provisions of Section 3.8 hereof and shall fail to resign after written request therefor by the Municipality or by any holder of the Outstanding Bonds, or the Agent shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Agent or any of its property shall be appointed, or any public officer shall take charge or control of the Agent or its property or affairs for the purpose of rehabilitation, conservation, or liquidation, then in any such case, the Municipality may remove the Agent and appoint a successor by resolution of its governing body or any such bondholder may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction situated in the Municipality for the removal of the Agent and the appointment of a successor. Such court may thereupon, after such notice, if any, as it may deem proper, remove the Agent and appoint a successor who shall meet the qualifications set forth in Section 3.11. Unless incapable of serving, the Agent shall serve as escrow agent hereunder until its successor shall have been appointed and such successor shall have accepted the appointment.

The holders of a majority in aggregate principal amount of all the Outstanding Bonds at any time outstanding may at any time remove the Agent and appoint a successor by an instrument or concurrent instruments in writing signed by such bondholders and presented, together with the successor's acceptance of appointment, to the Municipality and the Agent.

Any resignation or removal of the Agent and appointment of a successor pursuant to any of the provisions of this Agreement shall become effective upon acceptance of appointment by the successor as provided in Section 3.11 hereof.

Section 3.11 Acceptance by Successor. Any successor escrow agent appointed as provided in this Agreement shall execute, acknowledge and deliver to the Municipality and to its predecessor an instrument accepting such appointment hereunder and agreeing to be bound by the terms hereof, and thereupon the resignation or removal of the predecessor shall become effective and such successor, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor, with like effect as if originally named as Agent herein; but, nevertheless, on Written Request of the Municipality or the request of the successor, the predecessor shall execute and deliver an instrument transferring to such successor all rights, powers and escrow property of the predecessor. Upon request of any such successor, the Municipality shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor all such rights, powers and duties. No successor shall accept appointment as provided herein unless at the time of such acceptance such successor shall be eligible under the provisions of Section 3.8 hereof.

Any corporation into which the Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Agent shall be a party, or any corporation succeeding to the business of the Agent, shall be the successor of the Agent hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding, provided that such successor shall be eligible under the provisions of Section 3.8 hereof.

Section 3.12 Payment to Agent. The Municipality agrees to pay the Agent, as reasonable and proper compensation under this Agreement \$_____ annually, commencing on the date hereof and annually on _____ 1 of each year hereafter until termination of this Agreement, with the first said fee being payable on the date hereof. The Agent shall be entitled to reimbursement of all advances, counsel fees and expenses, and other costs made or incurred by the Agent in connection with its services and/or its capacity as Agent or resulting therefrom. In addition, the Municipality agrees to pay to the Agent all out-of-pocket expenses and costs of the Agent incurred by the Agent in the performance of its duties hereunder, including all publication, mailing and other expenses associated with the redemption of the Outstanding Bonds; provided, however, that to the extent permitted by applicable law, the Municipality agrees to indemnify the Agent and hold it harmless against any liability which it may incur while acting in good faith in its capacity as Agent under this Agreement, including, but not limited to, any court costs and attorneys' fees, and such indemnification shall be paid from available funds of the Municipality and shall not give rise to any claim against the Escrow Fund. In addition, the Agent shall indemnify the Municipality and hold it harmless against any liability which it may incur resulting from any failures by the Agent to perform its duties hereunder.

ARTICLE IV. MISCELLANEOUS

Section 4.1 Amendments to this Agreement. This Agreement is made for the benefit of the Municipality, the holders from time to time for the Outstanding Bonds, and it shall not be repealed, revoked, altered or amended without the written consent of all such holders, the Agent and the Municipality; provided, however, that the Municipality and the Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Agreement;
- (b) to grant to, or confer upon, the Agent for the benefit of the holders of the Outstanding Bonds, any additional rights, remedies, powers or authority that may lawfully be granted to, or conferred upon, such holders or the Agent; and
- (c) to subject to this Agreement additional funds, securities or properties.

The Agent shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section, including the extent, if any, to which any change, modification, addition or elimination affects the rights of the holders of the Outstanding Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section.

Notwithstanding the foregoing or any other provision of this Agreement, upon Written Request and upon compliance with the conditions hereinafter stated, the Agent shall have the power to and shall, in simultaneous transactions, sell, transfer, otherwise dispose of or request the redemption of the Government Securities held hereunder and to substitute therefor direct obligations of, or obligations the principal of and interest on which are fully guaranteed by the

United States of America, subject to the condition that such monies or securities held by the Agent shall be sufficient to pay principal of, premium, if any, and interest on the Outstanding Bonds. The Municipality hereby covenants and agrees that it will not request the Agent to exercise any of the powers described in the preceding sentence in any manner which will cause the Refunding Bonds to be arbitrage bonds within the meaning of Section 148 of the Code in effect on the date of such request and applicable to obligations issued on the issue date of the Refunding Bonds. The Agent shall purchase such substituted securities with the proceeds derived from the maturity, sale, transfer, disposition or redemption of the Government Securities held hereunder or from other monies available. The transactions may be effected only if there shall have been submitted to the Agent: (1) an independent verification by a nationally recognized independent certified public accounting firm concerning the adequacy of such substituted securities with respect to principal and the interest thereon and any other monies or securities held for such purpose to pay when due the principal of, premium, if any, and interest on the Outstanding Bonds in the manner required by the proceedings which authorized their issuance; and (2) an opinion from nationally recognized bond counsel to the effect that the disposition and substitution or purchase of such securities will not, under the statutes, rules and regulations then in force and applicable to obligations issued on the date of issuance of the Refunding Bonds, cause the interest on the Refunding Bonds not to be exempt from Federal income taxation. Any surplus monies resulting from the sale, transfer, other disposition or redemption of the Government Securities held hereunder and the substitutions therefor of direct obligations of, or obligations the principal of and interest on which is fully guaranteed by, the United States of America, shall be released from the Escrow Fund and shall be transferred to the Municipality.

Section 4.2 Severability. If any provision of this Agreement shall be held or deemed to be invalid or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatsoever.

Section 4.3 Governing Law. This Agreement shall be governed and construed in accordance with the law of the State of Tennessee.

Section 4.4 Notices. Any notice, request, communication or other paper shall be sufficiently given and shall be deemed given when delivered or mailed by Registered or Certified Mail, postage prepaid, or sent by telegram as follows:

To the Municipality:

City of Gallatin
Director of Finance
132 West Main Street
Gallatin, TN 37066

To the Agent:

The Municipality and the Agent may designate in writing any further or different addresses to which subsequent notices, requests, communications or other papers shall be sent.

Section 4.5 Agreement Binding. All the covenants, promises and agreements in this Agreement contained by or on behalf of the parties shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

Section 4.6 Termination. This Agreement shall terminate when all transfers and payments required to be made by the Agent under the provisions hereof shall have been made.

Section 4.7 Execution by Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

IN WITNESS WHEREOF, the Municipality has caused this Agreement to be signed in its name by its Mayor and attested by its City Recorder and the official seal of the Municipality to be impressed hereon, and the Agent has caused this Agreement to be signed in its corporate name by its duly authorized officers, all as of the day and date first above written.

CITY OF GALLATIN, TENNESSEE

By: _____
Mayor

(SEAL)

City Recorder

_____,
as Escrow Agent

By: _____
Title: _____

By: _____
Title: _____