



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
OFFICE OF STATE AND LOCAL FINANCE
SUITE 1600 JAMES K. POLK STATE OFFICE BUILDING
505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7872
FAX (615) 741-5986**

July 7, 2014

Honorable Joann Graves, Mayor
Board of Aldermen
City of Gallatin
132 West Main Street, Room 106
Gallatin, TN 37066

Re: Report for the Plan of Refunding for the issuance of a maximum \$1,000,000 Water and Sewer Revenue and Tax Refunding Bonds, Series 2014A

Dear Mayor Graves and Aldermen:

This letter acknowledges receipt on June 2, 2014, of a request to review a plan of refunding (the "Plan") for an issuance of not to exceed \$1,000,000 Water and Sewer Refunding Bonds, Series 2014A (the "2014A Refunding Bonds"), to current refund by competitive sale its \$870,000 Water and Sewer Revenue and Tax Refunding Bonds, Series 2004 (the "Refunded Bonds").

Pursuant to the provisions of Tennessee Code Annotated, Title 9, Chapter 21 (the "Local Government Public Obligations Act"), a plan must be submitted to our Office for review prior to the adoption of a resolution authorizing the issuance of refunding bonds.

FINANCIAL PROFESSIONALS

The City has reported Wiley Bros. as its financial advisor. Financial advisors have a fiduciary responsibility to the City. Underwriters have no fiduciary responsibility to the City. They represent the interests of their firm and are not required to act in the City's best interest without regard to their own or other interests. The Plan was prepared by the City with the assistance of its financial advisor.

CITY'S PROPOSED REFUNDING OBJECTIVE

The Refunding Bonds are being issued to achieve present value debt service savings.

COMPLIANCE WITH THE CITY'S DEBT MANAGEMENT POLICY

The City provided a copy of its debt management policy, and within forty-five days of issuance of the debt approved in this letter, is required to submit a Report on Debt Obligation that indicates that this debt complies with its debt policy. If the City amends its policy, please submit the amended policy to this office.

REPORT OF THE REVIEW OF A PLAN OF REFUNDING

This letter, report, and the Plan are to be posted on the City's website, if there is one. The same report is to be provided to each member of the City Commission and reviewed at the public meeting at which the proposed refunding bond resolution will be presented.

The enclosed report does not constitute approval or disapproval for the proposed plan or a determination that a refunding is advantageous or necessary nor that any of the outstanding obligations should be called for redemption on the first or any subsequent available redemption date or remain outstanding until their respective dates of maturity. This letter and the enclosed report do not address compliance with federal tax regulations and are not to be relied upon for that purpose. The City should discuss these issues with a bond counsel.

This report is effective for a period of one hundred and twenty (120) days. If the refunding has not been completed during this time, a supplemental plan of refunding must be submitted to this Office. At that time we will issue a report thereon pursuant to the statutes. In lieu of submitting a supplemental plan, a statement may be submitted to our Office after the 120-day period has elapsed stating that the information contained in the current plan of refunding remains valid. Such statement must be submitted by either the Chief Executive Officer or the Chief Financial Officer of the local government. We will acknowledge receipt of such statement and will issue our letter confirming that this refunding report remains valid for an additional 120-day period. However, with regard to the report currently being issued by this Office, during the initial 120-day period or any subsequent 120-day period no refunding reports will be issued relating to the debt obligations indicated herein as being refunded unless the Chief Executive Officer or the Chief Financial Officer notifies our Office that the plan of refunding which has been submitted is no longer valid.

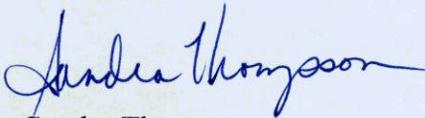
We recognize that the information provided in the plan submitted to our Office is based on preliminary analysis and estimates, and that actual results will be determined by market conditions at the time of sale of the debt obligations. However, if it is determined prior to the issuance of these obligations that the actual results will be significantly different from the information provided in the plan which has been submitted, and the local government determines to proceed with the issue, our Office should subsequently be notified by either the Chief Executive Officer or the Chief Financial Officer of the local government regarding these differences, and that the local government was aware of the differences and determined to

proceed with the issuance of the debt obligations. Notification to our Office will be necessary only if there is an increase or decrease of greater than fifteen percent (15%) in any of the following: (1) the principal amount of the debt obligations issued; (2) the costs of issuance; (3) the cumulative savings or loss with regard to any refunding proposal. We consider this notification necessary to insure that this Office and officials of the local government are aware of any significant changes that occur with regard to the issuance of the proposed indebtedness.

Report on Debt Obligation

We are enclosing the Report on Debt Obligation. The form must be completed for all debt issued. Pursuant to T.C.A. § 9-21-151, this form is to be completed and filed with the governing body of the City no later than forty-five days after the issuance of this debt, with a copy (including attachments, if any) filed with the Director of the Office of State and Local Finance by mail to the address on this letterhead or by email to stateandlocalfinance.publicdebtform@cot.tn.gov No public entity may enter into additional debt if it has failed to file the Report on Debt Obligation. The form can be found at <http://www.comptroller.tn.gov/sl/pubdebt.asp>.

Sincerely,



Sandra Thompson
Director of the Office of State & Local Finance

Cc: Mr. Jim Arnette, Director of Local Government Audit, COT
Ms. Julianne Graham, Wiley Bros.
Mr. Jeff Oldham, Bass, Berry & Sims

Enclosures: Report of the Director of the Office of State & Local Finance
Report on Public Debt

**REPORT OF THE DIRECTOR OF THE OFFICE OF STATE AND LOCAL FINANCE
CONCERNING THE PROPOSED ISSUANCE OF
WATER AND SEWER REFUNDING BONDS, SERIES 2014A
CITY OF GALLATIN, TENNESSEE**

The City of Gallatin (the "City") submitted a plan of refunding (the "Plan"), as required by T.C.A. § 9-21-903 regarding an issuance of a maximum \$1,000,000 Water and Sewer Refunding Bonds, Series 2014A (the "Refunding Bonds"), to current refund an estimated \$870,000 (the 2015-2017 maturities) of the City's Water and Sewer Revenue and Tax Refunding Bonds, Series 2004 (the "Refunded Bonds").

The Plan was prepared with the assistance of the City's financial advisor, Wiley Bros. An evaluation of the preparation, support, and underlying assumptions of the Plan has not been performed by this Office. This letter and report provide no assurances of the reasonableness of the underlying assumptions. This report must be presented to the governing body prior to the adoption of a refunding bond resolution. The Refunding Bonds may be issued with a different structure than presented in the Plan and may be sold at par or with a discount. The City provided a copy of its debt management policy.

CITY'S PROPOSED REFUNDING OBJECTIVE

The City indicated its purpose for the refunding is to achieve present value debt service savings.

REFUNDING ANALYSIS

- The results of the refunding analysis are based on the assumption that \$845,000 in Refunding Bonds will be sold by competitive sale at a premium of \$38,299 that produces approximately \$883,299 in proceeds.
- Savings are generated by reducing the average coupon of the Refunded Bonds from 3.48% to an average coupon of 3.00% for the Refunding Bonds.
- The net present value savings is estimated to be \$41,312, or 4.75% of the refunded principal.
- The final maturity of the Refunding Bonds does not extend beyond the final maturity of the Refunded Bonds.
- Approximately \$8,415 will be used to pay costs of issuance of the Refunding Bonds, or \$9.96 per \$1,000 of the par amount.

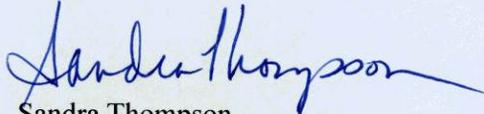
Table 1
Costs of Issuance of Refunding Bonds

	Amount	Price per \$1,000 bond
Bond Counsel (Bass, Berry & Sims)	\$ 1,580	\$ 1.87
Financial Advisor (Wiley Bros.)	2,528	2.99
S&P Rating	2,607	3.09
Other Costs	<u>1,700</u>	<u>2.01</u>
 Total Cost of Issuance	 <u>\$ 8,415</u>	 <u>\$ 9.96</u>

The City has identified Wiley Bros. as its financial advisor. Financial advisors have a fiduciary responsibility to you, the issuer. Underwriters have no fiduciary responsibility to you. They represent the interests of their firm.

This report of the Office of State and Local Finance does not constitute approval or disapproval by the Office for the Plan or a determination that a refunding is advantageous or necessary nor that any of the refunded obligations should be called for redemption on the first or any subsequent available redemption date or remain outstanding until their respective dates of maturity. This report is based on information as presented in the Plan by the City. The assumptions included in the City's Plan may not reflect either current market conditions or market conditions at the time of sale.

If all of the Refunded Bonds are not refunded as a part of the Refunding Bonds, and the City wishes to refund them in a subsequent bond issue, then a new plan will have to be submitted to this Office for review.



Sandra Thompson
Director of the Office of State and Local Finance
Date: July 7, 2014



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July 7, 2014

Honorable Joann Graves, Mayor
Board of Aldermen
City of Gallatin
132 West Main Street, Room 106
Gallatin, TN 37066

Re: Report for the Plan of Refunding for the Issuance of \$6,250,000 General Obligation Refunding Bonds, Series 2014B

Dear Mayor Graves and Aldermen:

This letter acknowledges receipt on June 2, 2014, of a request to review a plan of refunding (the "Plan") for an issuance of not to exceed \$6,250,000 General Obligation Refunding Bonds, Series 2014B (the "2014B Refunding Bonds"), to advance refund by competitive sale its \$5,595,000 General Obligation Improvement Bonds, Series 2007 (the "Series 2007 Refunded Bonds").

Pursuant to the provisions of Tennessee Code Annotated, Title 9, Chapter 21 (the "Local Government Public Obligations Act"), a plan must be submitted to our Office for review prior to the adoption of a resolution authorizing the issuance of refunding bonds.

FINANCIAL PROFESSIONALS

The City has reported Wiley Bros. as its financial advisor. Financial advisors have a fiduciary responsibility to the City. Underwriters have no fiduciary responsibility to the City. They represent the interests of their firm and are not required to act in the City's best interest without regard to their own or other interests. The Plan was prepared by the City with the assistance of its financial advisor.

CITY'S PROPOSED REFUNDING OBJECTIVE

The Refunding Bonds are being issued to achieve present value debt service savings.

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This report is effective for a period of one hundred and twenty (120) days. If the refunding has not been completed during this time, a supplemental plan of refunding must be submitted to this Office. At that time we will issue a report thereon pursuant to the statutes. In lieu of submitting a supplemental plan, a statement may be submitted to our Office after the 120-day period has elapsed stating that the information contained in the current plan of refunding remains valid. Such statement must be submitted by either the Chief Executive Officer or the Chief Financial Officer of the local government. We will acknowledge receipt of such statement and will issue our letter confirming that this refunding report remains valid for an additional 120-day period. However, with regard to the report currently being issued by this Office, during the initial 120-day period or any subsequent 120-day period no refunding reports will be issued relating to the debt obligations indicated herein as being refunded unless the Chief Executive Officer or the Chief Financial Officer notifies our Office that the plan of refunding which has been submitted is no longer valid.

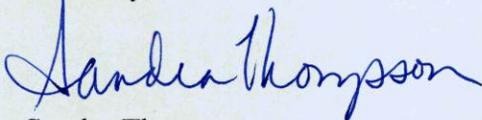
We recognize that the information provided in the plan submitted to our Office is based on preliminary analysis and estimates, and that actual results will be determined by market conditions at the time of sale of the debt obligations. However, if it is determined prior to the issuance of these obligations that the actual results will be significantly different from the information provided in the plan which has been submitted, and the local government determines

to proceed with the issue, our Office should subsequently be notified by either the Chief Executive Officer or the Chief Financial Officer of the local government regarding these differences, and that the local government was aware of the differences and determined to proceed with the issuance of the debt obligations. Notification to our Office will be necessary only if there is an increase or decrease of greater than fifteen percent (15%) in any of the following: (1) the principal amount of the debt obligations issued; (2) the costs of issuance; (3) the cumulative savings or loss with regard to any refunding proposal. We consider this notification necessary to insure that this Office and officials of the local government are aware of any significant changes that occur with regard to the issuance of the proposed indebtedness.

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Sandra Thompson
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Cc: Mr. Jim Arnette, Director of Local Government Audit, COT
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Enclosures: Report of the Director of the Office of State & Local Finance
Report on Public Debt

**REPORT OF THE DIRECTOR OF THE OFFICE OF STATE AND LOCAL FINANCE
CONCERNING THE PROPOSED ISSUANCE OF
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2014B
CITY OF GALLATIN, TENNESSEE**

The City of Gallatin (the "City") submitted a plan of refunding (the "Plan"), as required by T.C.A. § 9-21-903 regarding an issuance of a maximum \$6,250,000,000 General Obligation Refunding Bonds, Series 2014B (the "Refunding Bonds"), to advance refund an estimated \$5,595,000 of the City's General Obligation Improvement Bonds, Series 2007 (the "Refunded Bonds").

The Plan was prepared with the assistance of the City's municipal advisor, Wiley Bros. An evaluation of the preparation, support, and underlying assumptions of the Plan has not been performed by this Office. This letter and report provide no assurances of the reasonableness of the underlying assumptions. This report must be presented to the governing body prior to the adoption of a refunding bond resolution. The Refunding Bonds may be issued with a different structure than presented in the Plan or sold at par or a discount. The City provided a copy of its debt management policy.

CITY'S PROPOSED REFUNDING OBJECTIVE

The City indicated its purpose for the refunding is to achieve present value debt service savings.

REFUNDING ANALYSIS

- The results of the refunding analysis are based on the assumption that \$5,835,000 in Refunding Bonds will be sold by competitive sale at a premium of \$296,720 that produces approximately \$6,131,720 in proceeds.
- Savings are generated by reducing the average coupon of the Refunded Bonds from 4.14% to an average coupon of 3.00% for the Refunding Bonds.
- The net present value savings is estimated to be \$235,061, or 4.20% of the refunded principal.
- The final maturity of the Refunding Bonds does not extend beyond the final maturity of the Refunded Bonds.
- Approximately \$27,850 will be used to pay costs of issuance of the Refunding Bonds, or \$4.77 per \$1,000 of the par amount.

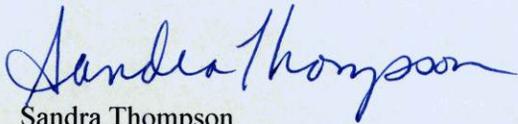
Table 1
Costs of Issuance of Refunding Bonds

	Amount	Price per \$1,000 bond
Bond Counsel (Bass, Berry & Sims)	\$ 8,240	\$ 1.41
Financial Advisor (Wiley Bros.)	6,798	1.17
S&P Rating	6,180	1.06
Other Costs	6,632	1.14
 Total Cost of Issuance	 \$ 27,850	 \$ 4.77

The City has identified Wiley Bros. as its financial advisor. Financial advisors have a fiduciary responsibility to you, the issuer. Underwriters have no fiduciary responsibility to you. They represent the interests of their firm.

This report of the Office of State and Local Finance does not constitute approval or disapproval by the Office for the Plan or a determination that a refunding is advantageous or necessary nor that any of the refunded obligations should be called for redemption on the first or any subsequent available redemption date or remain outstanding until their respective dates of maturity. This report is based on information as presented in the Plan by the City. The assumptions included in the City's Plan may not reflect either current market conditions or market conditions at the time of sale.

If all of the Refunded Bonds are not refunded as a part of the Refunding Bonds, and the City wishes to refund them in a subsequent bond issue, then a new plan will have to be submitted to this Office for review.



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