
**CITY OF GALLATIN
SPECIAL-CALLED
CITY COUNCIL COMMITTEE MEETING**

November 17, 2015

5:00 pm

**Dr. J. Deotha Malone
Council Chambers**

- Call to Order – Mayor Brown
- Roll Call: Vice Mayor Hayes – Alexander – Brackenbury – Camp – Kemp – Mayberry – Overton
- Public Recognition on Agenda-Related Item Only

AGENDA

1. Discussion on 2016 Bond Issue **(Rachel Nichols, Finance Director)**

- Adjourn

**CITY OF GALLATIN
COUNCIL COMMITTEE AGENDA**

11/17/2015

DEPARTMENT: Finance

AGENDA # 1

SUBJECT:

2016 G.O. Bond Issue

SUMMARY:

continued discussion of projects to include and total bond amount to issue

RECOMMENDATION:

approval

ATTACHMENT:

Resolution
 Ordinance

Correspondence
 Contract

Bid Tabulation
 Other

Approved
Rejected
Deferred

Notes:



November 4, 2015

PRELIMINARY INFORMATION FOR 2016 G.O. BOND

Preliminary Costs

Preliminary annual cost estimate	\$80,000/\$1 million issued
\$10,000,000 estimated cost	\$800,000 per year for 20 years
\$12,000,000 estimated cost	\$960,000 per year for 20 years

- These estimates will change – this is for agenda packet only. Updated estimates from Wiley Bros. will be distributed at the meeting

Cost Considerations

The new bond will increase annual operating costs by approximately \$800,000. Additionally, the opening of Fire Hall 5 will increase annual operating costs by approximately \$1,000,000 (salaries, benefits, utilities, etc...)

Preliminary Timeline

Approve bond resolution at December 1, 2015 Council meeting
Required 20-day waiting period after approval
(City audit finalized by December 31, 2015 for use in rating agency call)
Early January 2016 complete rating agency call and receive bond rating
Competitive bond sale January 11 – 16, 2016

PROPOSED 2016 G.O. BOND ISSUE	
PROJECT DESCRIPTION	NOT IN BUDGET - in proposed bond
Hattentrack Rd	6,000,000.00
S Water improvements (Smith - Maple)	1,500,000.00
Airport & Coles Ferry Roads intersection	500,000.00
Belvedere Dr turn lane at long Hollow Pk	150,000.00
matching funds for Sidewalk Grant	140,000.00
Anthony St drainage	500,000.00
Fire Hall #5 construction	2,000,000.00
Golf Course Clubhouse improvements	40,000.00
Capps Gap Post-Closure Expenses	750,000.00
TOTAL	11,580,000.00
Additional Considerations	
Fire Hall #5 engine, equipment & furnishings	750,000.00
Airport Rd (Gregory Dr - Hartsville Pk)	500,000.00

as of 10/27/2015 

after 10/27/2015 meeting 

PROPOSED 2016 G.O. BOND ISSUE	
PROJECT DESCRIPTION	NOT IN BUDGET - in proposed bond
Hattentrack Rd	6,000,000.00
S Water improvements (Smith - Maple)	1,500,000.00
Airport & Coles Ferry Roads intersection	500,000.00
Belvedere Dr turn lane at long Hollow Pk	pay cash
matching funds for Sidewalk Grant	pay cash
Anthony St drainage	500,000.00
Fire Hall #5 construction	2,000,000.00
Golf Course Clubhouse improvements	pay cash
Capps Gap Post-Closure Expenses	pay cash
TOTAL	10,500,000.00
Additional Considerations	
Fire Hall #5 engine, equipment & furnishings	750,000.00
Airport Rd (Gregory Dr - Hartsville Pk)	500,000.00

NOT IN BUDGET - appropriate from surplus, lower priority

DESCRIPTION		REQUEST
SHAREPOINT IMPLEMENTATION		147,300.00
NETWORKING EQUIP		59,600.00
ARCHITECT FOR FIRE HALL 5		150,000.00
STREET DEPT 3-TON DUMP TRUCK		89,000.00
CIVIC CTR VACUUM/FLOOR SCRUBBER		10,000.00
FITNESS EQUIPMENT		15,000.00
CIVIC CTR CHAIRS		10,000.00
CIVIC CTR SAUNA		20,000.00
MUNICIPAL PARK MAINT SHED		250,000.00
BALL FIELD DRAG		15,000.00
TOTAL		765,900.00

INITIAL RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED
\$12,100,000 OF GENERAL OBLIGATION BONDS OF THE CITY OF GALLATIN,
TENNESSEE

The City Council of the City of Gallatin, Tennessee (the "Municipality") hereby resolves to issue bonds of the Municipality to finance (i) capital costs related to the acquisition, improvement and equipping of public works facilities; streets, roads and related drainage facilities; fire hall facilities; and (ii) bond issuance costs. The aggregate principal amount of the bonds shall not exceed \$12,100,000, and the aggregate interest rate on the bonds shall not exceed 5% per annum. The bonds shall be general obligations of the Municipality, payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the Municipality.

The City Council further resolves to direct the City Recorder of the Municipality to publish the foregoing initial resolution in a newspaper having a general circulation in the Municipality followed by the following statutory notice:

NOTICE

The foregoing resolution has been adopted. Unless within twenty (20) days from the date of publication hereof a petition signed by at least ten percent (10%) of the registered voters of the Municipality shall have been filed with the City Recorder of the Municipality protesting the issuance of the bonds, such bonds may be issued as proposed.

Connie Kittrell, City Recorder

IT IS SO ORDERED.

PRESENT AND VOTING

AYE:

NAY:

DATED:

MAYOR PAIGE BROWN

ATTEST:

CONNIE KITTRELL
CITY RECORDER

APPROVED AS TO FORM:

SUSAN HIGH-MCAULEY
CITY ATTORNEY

STATE OF TENNESSEE)

COUNTY OF SUMNER)

I, Connie Kittrell, hereby certify that I am the duly qualified and acting City Recorder of the City of Gallatin, Tennessee (the "Municipality") and, as such official, I further certify as follows: (1) that attached hereto is a copy of a resolution excerpted from the minutes of the meeting of the City Council of the Municipality held on _____, 2015; (2) that I have compared said copy with the original minute record of said meeting in my official custody; (3) that said copy is a true, correct and complete excerpt from said original record insofar as said original record relates to, among other matters, the issuance of general obligation bonds in a par amount not to exceed \$12,100,000; (4) that the actions by the City Council at said meeting were promptly and duly recorded by me in a book kept for such purpose; and (5) that a quorum of the members of the City Council was present and acting throughout said meeting.

WITNESS my official signature and seal of the City of Gallatin, Tennessee on this the _____ day of _____, 2015.

City Recorder

(SEAL)

15407990.3

A RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND PAYMENT OF GENERAL OBLIGATION BONDS OF THE CITY OF GALLATIN, TENNESSEE AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$12,100,000; AND PROVIDING FOR THE LEVY OF TAXES FOR THE PAYMENT OF DEBT SERVICE ON THE BONDS

WHEREAS, 9-21-101, et seq., Tennessee Code Annotated (the "Act") authorizes the City of Gallatin, Tennessee (the "Municipality"), by resolution of the City Council, to issue and sell bonds to finance public works projects (as defined by the Act); and

WHEREAS, the City Council of the Municipality hereby determines that it is necessary and advisable to issue general obligation bonds, in one or more series, for the purpose of financing capital costs related to the acquisition, improvement and equipping of public works facilities; streets, roads and related drainage facilities; fire hall facilities; and bond issuance costs; and

WHEREAS, the City Council of the Municipality did adopt on _____, 2015 an initial resolution (the "Initial Resolution") authorizing the issuance of not to exceed \$12,100,000 for the purposes described above; and

WHEREAS, the Initial Resolution, together with the notice required by the Act, has been published as required by law; 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 \$12,100,000 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 the Act 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) "Bonds" means the not to exceed \$12,100,000 General Obligation 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.

(b) "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.

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

(d) "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.

(e) "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.

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

(g) "Financial Advisor" for the Bonds authorized herein means Wiley Bros. -- Aintree Capital, LLC, Nashville, Tennessee.

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

(i) "Projects" means the capital costs related to the acquisition and/or improvement of public works facilities and equipment; streets, roads and related drainage improvements; acquisition of land and site development for and design, construction, renovation, repair and equipping of a fire hall.

(j) "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.

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 estimated interest expense and costs of issuance of the Bonds have been made available to the Governing Body.

Section 4. Authorization and Terms of the Bonds.

(a) For the purpose of providing funds to finance, in whole or in part, the cost of the Projects and costs incident thereto; reimbursement to the appropriate fund of the Municipality for prior expenditures for the foregoing costs, if applicable; and payment of costs incident to the issuance and sale of the Bonds, there is hereby authorized to be issued bonds of the Municipality in the aggregate principal amount of not to exceed \$12,100,000. 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 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 July 1, 2016. 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 2017 through 2036, inclusive; provided, however, such amortization may be adjusted in accordance with the terms hereof.

(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, 2026 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, teletype 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
GENERAL OBLIGATION BOND, SERIES 2016

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 July 1, 2016, 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, 2026 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 capital costs related to the acquisition and/or improvement of public works facilities and equipment; streets, roads and related drainage improvements; acquisition of land and site development for and design, construction, renovation, repair and equipping of a fire hall; 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 _____, 2015 (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.

IT IS SO ORDERED.

PRESENT AND VOTING

AYE:

NAY:

DATED:

MAYOR PAIGE BROWN

ATTEST:

CONNIE KITTRELL
CITY RECORDER

APPROVED AS TO FORM:

SUSAN HIGH-MCAULEY
CITY ATTORNEY

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 be 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 shall be offered for competitive public sale in one or more series, at a price of not less than 98% of par, plus accrued interest, as a whole or in part from time to time as shall be determined by the Mayor, in consultation with the Financial Advisor. 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.

(b) The Mayor is 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 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 July 1, 2016, 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; and

(6) 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.

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.

(c) 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 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.

(d) The Mayor is authorized to award the Bonds, or any series thereof, in each case to the bidder whose bid results in the lowest true interest cost to the Municipality, provided the rate or rates on the Bonds does not exceed the maximum rate prescribed by Section 4 hereof. The award of the Bonds by the Mayor to the lowest bidder shall be binding on the Municipality, and no further action of the Governing Body with respect thereto shall be required.

(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 successful bidder 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 the Financial Advisor, for financial advisory services in connection with the sale of the Bonds and to enter into a contract with Bass, Berry & Sims PLC to serve as bond counsel in connection with the Bonds, and all actions heretofore taken by the officers of the Municipality in that regard are hereby ratified and approved.

(f) No Bonds attributable to the Projects shall be issued until publication of the Initial Resolution in a newspaper of general circulation in the Municipality and the passage of 20 days from the

date of publication thereof, and in no event shall the Bonds be issued if a legally sufficient petition, as defined by Section 9-21-207, Tennessee Code Annotated, is filed within such 20-day period.

Section 9. Disposition of Bond Proceeds. The proceeds of the sale of the Bonds shall be disbursed as follows shall be deposited with a financial institution regulated by the Federal Deposit Insurance Corporation or similar federal agency in a special fund known as the 2016 Construction Fund (the "Construction Fund"), or such other designation as shall be determined by the Mayor to be kept separate and apart from all other funds of the Municipality. The Municipality shall disburse funds in the Construction Fund 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. Notwithstanding the foregoing, costs of issuance of the Bonds may be withheld from the good faith deposit or purchase price of the Bonds and paid to the Financial Advisor to be used to pay costs of issuance of the Bonds. The remaining funds in the Construction Fund shall be disbursed solely to pay the costs of the Projects and to reimburse the Municipality for any funds previously expended for costs of the Projects. Money in the Construction Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any, or, in the absence of such a statute, by a pledge of readily marketable securities having at all times a market value of not less than the amount in said Construction Fund. Money in the Construction Fund shall be invested in such investments as shall be permitted by applicable law to the extent permitted by applicable law.

Section 10. Official Statement. The officers of the Municipality 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 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 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 officers of the Municipality, or any 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. 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:

(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 Defeasance 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 Defeasance Obligations deposited as aforesaid.

Except as otherwise provided in this Section, neither Defeasance Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Defeasance 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 Defeasance 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 Defeasance 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, Defeasance 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, or obligations of any agency or instrumentality of the United States, provided that such 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 12. 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) It is reasonably expected that the Municipality will reimburse itself for certain expenditures made by it in connection with the Projects by issuing the Bonds. This resolution shall be placed in the minutes of the Governing Body and shall be made available for inspection by the general public at the office of the Governing Body. This resolution constitutes a declaration of official intent under Treas. Reg. §1.150-2.

(c) 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.

(d) 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.

Section 13. 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 14. Reasonably Expected Economic Life. The “reasonably expected economic life” of the Project within the meaning of Sections 9-21-101, et seq., Tennessee Code Annotated, is greater than the term of the Bonds authorized herein.

Section 15. 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 16. 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 17. 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 _____, 2015.

IT IS SO ORDERED.

PRESENT AND VOTING

AYE:

NAY:

DATED:

MAYOR PAIGE BROWN

ATTEST:

CONNIE KITTRELL
CITY RECORDER

APPROVED AS TO FORM:

SUSAN HIGH-MCAULEY
CITY ATTORNEY

STATE OF TENNESSEE)

COUNTY OF SUMNER)

I, Connie Kittrell, certify that I am the duly qualified and acting City Recorder of the City of Gallatin, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of the meeting of the City Council of the Municipality held on _____, 2015; 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 Bonds.

WITNESS my official signature and seal of said Municipality on _____, 2015.

City Recorder

(SEAL)

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Series 2016 \$10MM BQ Issuance

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SOURCES AND USES OF FUNDS

Gallatin, TN
Series 2016 \$10MM BQ Issuance

Sources:

Bond Proceeds:	
Par Amount	10,000,000.00
	<hr/>
	10,000,000.00
	<hr/>

Uses:

Project Fund Deposits:	
Project Fund	9,942,450.00
Delivery Date Expenses:	
Cost of Issuance	57,550.00
	<hr/>
	10,000,000.00
	<hr/>

BOND SUMMARY STATISTICS

Gallatin, TN
Series 2016 \$10MM BQ Issuance

Dated Date	01/27/2016
Delivery Date	01/27/2016
Last Maturity	01/01/2036
Arbitrage Yield	2.801157%
True Interest Cost (TIC)	2.801157%
Net Interest Cost (NIC)	2.828546%
All-In TIC	2.862979%
Average Coupon	2.828546%
Average Life (years)	11.259
Duration of Issue (years)	9.478
Par Amount	10,000,000.00
Bond Proceeds	10,000,000.00
Total Interest	3,184,597.24
Net Interest	3,184,597.24
Total Debt Service	13,184,597.24
Maximum Annual Debt Service	664,697.50
Average Annual Debt Service	661,619.04
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life
Bond Component	10,000,000.00	100.000	2.829%	11.259
	10,000,000.00			11.259

	TIC	All-In TIC	Arbitrage Yield
Par Value	10,000,000.00	10,000,000.00	10,000,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-57,550.00	
- Other Amounts			
Target Value	10,000,000.00	9,942,450.00	10,000,000.00
Target Date	01/27/2016	01/27/2016	01/27/2016
Yield	2.801157%	2.862979%	2.801157%

BOND DEBT SERVICE

Gallatin, TN
Series 2016 \$10MM BQ Issuance

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
07/01/2016			106,690.99	106,690.99	
01/01/2017	385,000	0.950%	124,703.75	509,703.75	616,394.74
07/01/2017			122,875.00	122,875.00	
01/01/2018	415,000	1.150%	122,875.00	537,875.00	660,750.00
07/01/2018			120,488.75	120,488.75	
01/01/2019	420,000	1.350%	120,488.75	540,488.75	660,977.50
07/01/2019			117,653.75	117,653.75	
01/01/2020	425,000	1.600%	117,653.75	542,653.75	660,307.50
07/01/2020			114,253.75	114,253.75	
01/01/2021	435,000	1.800%	114,253.75	549,253.75	663,507.50
07/01/2021			110,338.75	110,338.75	
01/01/2022	440,000	2.000%	110,338.75	550,338.75	660,677.50
07/01/2022			105,938.75	105,938.75	
01/01/2023	450,000	2.200%	105,938.75	555,938.75	661,877.50
07/01/2023			100,988.75	100,988.75	
01/01/2024	460,000	2.300%	100,988.75	560,988.75	661,977.50
07/01/2024			95,698.75	95,698.75	
01/01/2025	470,000	2.400%	95,698.75	565,698.75	661,397.50
07/01/2025			90,058.75	90,058.75	
01/01/2026	480,000	2.500%	90,058.75	570,058.75	660,117.50
07/01/2026			84,058.75	84,058.75	
01/01/2027	495,000	2.650%	84,058.75	579,058.75	663,117.50
07/01/2027			77,500.00	77,500.00	
01/01/2028	505,000	2.700%	77,500.00	582,500.00	660,000.00
07/01/2028			70,682.50	70,682.50	
01/01/2029	520,000	2.800%	70,682.50	590,682.50	661,365.00
07/01/2029			63,402.50	63,402.50	
01/01/2030	535,000	2.900%	63,402.50	598,402.50	661,805.00
07/01/2030			55,645.00	55,645.00	
01/01/2031	550,000	2.950%	55,645.00	605,645.00	661,290.00
07/01/2031			47,532.50	47,532.50	
01/01/2032	565,000	3.050%	47,532.50	612,532.50	660,065.00
07/01/2032			38,916.25	38,916.25	
01/01/2033	585,000	3.100%	38,916.25	623,916.25	662,832.50
07/01/2033			29,848.75	29,848.75	
01/01/2034	605,000	3.150%	29,848.75	634,848.75	664,697.50
07/01/2034			20,320.00	20,320.00	
01/01/2035	620,000	3.200%	20,320.00	640,320.00	660,640.00
07/01/2035			10,400.00	10,400.00	
01/01/2036	640,000	3.250%	10,400.00	650,400.00	660,800.00
	10,000,000		3,184,597.24	13,184,597.24	13,184,597.24

BOND PRICING

Gallatin, TN
Series 2016 \$10MM BQ Issuance

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Bond Component:					
	01/01/2017	385,000	0.950%	0.950%	100.000
	01/01/2018	415,000	1.150%	1.150%	100.000
	01/01/2019	420,000	1.350%	1.350%	100.000
	01/01/2020	425,000	1.600%	1.600%	100.000
	01/01/2021	435,000	1.800%	1.800%	100.000
	01/01/2022	440,000	2.000%	2.000%	100.000
	01/01/2023	450,000	2.200%	2.200%	100.000
	01/01/2024	460,000	2.300%	2.300%	100.000
	01/01/2025	470,000	2.400%	2.400%	100.000
	01/01/2026	480,000	2.500%	2.500%	100.000
	01/01/2027	495,000	2.650%	2.650%	100.000
	01/01/2028	505,000	2.700%	2.700%	100.000
	01/01/2029	520,000	2.800%	2.800%	100.000
	01/01/2030	535,000	2.900%	2.900%	100.000
	01/01/2031	550,000	2.950%	2.950%	100.000
	01/01/2032	565,000	3.050%	3.050%	100.000
	01/01/2033	585,000	3.100%	3.100%	100.000
	01/01/2034	605,000	3.150%	3.150%	100.000
	01/01/2035	620,000	3.200%	3.200%	100.000
	01/01/2036	640,000	3.250%	3.250%	100.000
		10,000,000			

Dated Date	01/27/2016	
Delivery Date	01/27/2016	
First Coupon	07/01/2016	
Par Amount	10,000,000.00	
Original Issue Discount		
Production	10,000,000.00	100.000000%
Underwriter's Discount		
Purchase Price	10,000,000.00	100.000000%
Accrued Interest		
Net Proceeds	10,000,000.00	

COST OF ISSUANCE

Gallatin, TN
Series 2016 \$10MM BQ Issuance

Cost of Issuance	\$/1000	Amount
Bond Counsel	2.00000	20,000.00
Registration and Paying Agent	0.03000	300.00
Printing and Advertising	0.07500	750.00
Financial Advisor	1.80000	18,000.00
Standard and Poor's	1.50000	15,000.00
Ipreo	0.15000	1,500.00
Misc	0.20000	2,000.00
	5.75500	57,550.00

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Series 2016 \$12MM Non-BQ Issuance

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SOURCES AND USES OF FUNDS

Gallatin, TN
Series 2016 \$12MM Non-BQ Issuance

Sources:

Bond Proceeds:	
Par Amount	12,060,000.00
	<u>12,060,000.00</u>

Uses:

Project Fund Deposits:	
Project Fund	12,000,000.00
Delivery Date Expenses:	
Cost of Issuance	59,350.00
Other Uses of Funds:	
Additional Proceeds	650.00
	<u>12,060,000.00</u>

BOND SUMMARY STATISTICS

Gallatin, TN
Series 2016 \$12MM Non-BQ Issuance

Dated Date	01/27/2016
Delivery Date	01/27/2016
Last Maturity	01/01/2036
Arbitrage Yield	2.942823%
True Interest Cost (TIC)	2.942823%
Net Interest Cost (NIC)	2.975547%
All-In TIC	2.995979%
Average Coupon	2.975547%
Average Life (years)	11.285
Duration of Issue (years)	9.427
Par Amount	12,060,000.00
Bond Proceeds	12,060,000.00
Total Interest	4,049,689.42
Net Interest	4,049,689.42
Total Debt Service	16,109,689.42
Maximum Annual Debt Service	810,465.00
Average Annual Debt Service	808,403.71
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life
Bond Component	12,060,000.00	100.000	2.976%	11.285
	12,060,000.00			11.285

	TIC	All-In TIC	Arbitrage Yield
Par Value	12,060,000.00	12,060,000.00	12,060,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-59,350.00	
- Other Amounts			
Target Value	12,060,000.00	12,000,650.00	12,060,000.00
Target Date	01/27/2016	01/27/2016	01/27/2016
Yield	2.942823%	2.995979%	2.942823%

BOND DEBT SERVICE

Gallatin, TN
Series 2016 \$12MM Non-BQ Issuance

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
07/01/2016			134,294.42	134,294.42	
01/01/2017	460,000	0.950%	156,967.50	616,967.50	751,261.92
07/01/2017			154,782.50	154,782.50	
01/01/2018	500,000	1.150%	154,782.50	654,782.50	809,565.00
07/01/2018			151,907.50	151,907.50	
01/01/2019	505,000	1.350%	151,907.50	656,907.50	808,815.00
07/01/2019			148,498.75	148,498.75	
01/01/2020	510,000	1.600%	148,498.75	658,498.75	806,997.50
07/01/2020			144,418.75	144,418.75	
01/01/2021	520,000	1.800%	144,418.75	664,418.75	808,837.50
07/01/2021			139,738.75	139,738.75	
01/01/2022	530,000	2.000%	139,738.75	669,738.75	809,477.50
07/01/2022			134,438.75	134,438.75	
01/01/2023	540,000	2.200%	134,438.75	674,438.75	808,877.50
07/01/2023			128,498.75	128,498.75	
01/01/2024	550,000	2.400%	128,498.75	678,498.75	806,997.50
07/01/2024			121,898.75	121,898.75	
01/01/2025	565,000	2.500%	121,898.75	686,898.75	808,797.50
07/01/2025			114,836.25	114,836.25	
01/01/2026	580,000	2.600%	114,836.25	694,836.25	809,672.50
07/01/2026			107,296.25	107,296.25	
01/01/2027	595,000	2.750%	107,296.25	702,296.25	809,592.50
07/01/2027			99,115.00	99,115.00	
01/01/2028	610,000	2.800%	99,115.00	709,115.00	808,230.00
07/01/2028			90,575.00	90,575.00	
01/01/2029	625,000	2.900%	90,575.00	715,575.00	806,150.00
07/01/2029			81,512.50	81,512.50	
01/01/2030	645,000	3.000%	81,512.50	726,512.50	808,025.00
07/01/2030			71,837.50	71,837.50	
01/01/2031	665,000	3.150%	71,837.50	736,837.50	808,675.00
07/01/2031			61,363.75	61,363.75	
01/01/2032	685,000	3.250%	61,363.75	746,363.75	807,727.50
07/01/2032			50,232.50	50,232.50	
01/01/2033	710,000	3.300%	50,232.50	760,232.50	810,465.00
07/01/2033			38,517.50	38,517.50	
01/01/2034	730,000	3.350%	38,517.50	768,517.50	807,035.00
07/01/2034			26,290.00	26,290.00	
01/01/2035	755,000	3.400%	26,290.00	781,290.00	807,580.00
07/01/2035			13,455.00	13,455.00	
01/01/2036	780,000	3.450%	13,455.00	793,455.00	806,910.00
	12,060,000		4,049,689.42	16,109,689.42	16,109,689.42

BOND PRICING

Gallatin, TN
Series 2016 \$12MM Non-BQ Issuance

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Bond Component:					
	01/01/2017	460,000	0.950%	0.950%	100.000
	01/01/2018	500,000	1.150%	1.150%	100.000
	01/01/2019	505,000	1.350%	1.350%	100.000
	01/01/2020	510,000	1.600%	1.600%	100.000
	01/01/2021	520,000	1.800%	1.800%	100.000
	01/01/2022	530,000	2.000%	2.000%	100.000
	01/01/2023	540,000	2.200%	2.200%	100.000
	01/01/2024	550,000	2.400%	2.400%	100.000
	01/01/2025	565,000	2.500%	2.500%	100.000
	01/01/2026	580,000	2.600%	2.600%	100.000
	01/01/2027	595,000	2.750%	2.750%	100.000
	01/01/2028	610,000	2.800%	2.800%	100.000
	01/01/2029	625,000	2.900%	2.900%	100.000
	01/01/2030	645,000	3.000%	3.000%	100.000
	01/01/2031	665,000	3.150%	3.150%	100.000
	01/01/2032	685,000	3.250%	3.250%	100.000
	01/01/2033	710,000	3.300%	3.300%	100.000
	01/01/2034	730,000	3.350%	3.350%	100.000
	01/01/2035	755,000	3.400%	3.400%	100.000
	01/01/2036	780,000	3.450%	3.450%	100.000
		12,060,000			

Dated Date	01/27/2016	
Delivery Date	01/27/2016	
First Coupon	07/01/2016	
Par Amount	12,060,000.00	
Original Issue Discount		
Production	12,060,000.00	100.000000%
Underwriter's Discount		
Purchase Price	12,060,000.00	100.000000%
Accrued Interest		
Net Proceeds	12,060,000.00	

COST OF ISSUANCE

Gallatin, TN
 Series 2016 \$12MM Non-BQ Issuance

Cost of Issuance	\$/1000	Amount
Bond Counsel	1.65837	20,000.00
Registration and Paying Agent	0.02488	300.00
Printing and Advertising	0.06219	750.00
Financial Advisor	1.64179	19,800.00
Standard and Poor's	1.24378	15,000.00
Ipreo	0.12438	1,500.00
Misc	0.16584	2,000.00
	4.92123	59,350.00