

NOTICE OF SALE
\$5,585,000*
CITY OF GALLATIN, TENNESSEE

WATER AND SEWER REVENUE REFUNDING AND IMPROVEMENT BONDS, SERIES 2014

Notice is hereby given that the Mayor of the City of Gallatin, Tennessee (the "Issuer") will accept a written bid or electronic bid for the purchase of all, but not less than all, of the Issuer's \$5,585,000* Water and Sewer Revenue Refunding and Improvement Bonds, Series 2014 (the "Series 2014") until:

11:00 A.M. Central Time on Tuesday, August 5, 2014.

Written bids must be addressed and delivered to the Issuer to the attention of the Mayor, c/o the office of the Finance Director, 132 West Main Street, Gallatin, Tennessee 37066. Electronic bids must be submitted to PARITY® via the BiDCOMP Competitive Bidding System. No other form of bid or provider of electronic bidding services will be accepted. Such bids are to be publicly opened and read at such time and place on said day. For the purposes of both the written sealed bid process and the electronic bidding process, the time as maintained by BiDCOMP/PARITY® shall constitute the official time with respect to all bids submitted. If any provisions of this Notice of Sale conflict with information provided by BiDCOMP/PARITY® as the approved provider of electronic bidding services, this Notice of Sale shall control. ***The sale of all the Series 2014 Bonds on August 5, 2014 may be postponed prior to the time bids are to be received as published on I-dealProspectus.com. If such postponement occurs, a later public sale may be held at the hour and place and on such date as communicated via I-dealProspectus.com upon forty-eight hours' notice.***

The Series 2014 Bonds will be dated the date of delivery. The interest rate or rates on the Series 2014 Bonds shall not exceed 5% per annum and shall be payable semi-annually on January 1 and July 1, commencing January 1, 2015. No bid for the Series 2014 Bonds will be considered for less than par nor greater than 110% of par, as described in the Detailed Notice of Sale. In addition, each maturity of the Series 2014 Bonds must be reoffered at a price of not less than 98% of the par amount of such maturity. The Series 2014 Bonds will mature on July 1 in the years 2015 through 2029, inclusive, with term Series 2014 Bonds optional. Unless all bids are rejected as set forth in the Detailed Notice of Sale, the Series 2014 Bonds will be awarded on the sale date by the Mayor to the bidder whose bid results in the lowest true interest cost on the Series 2014 Bonds and will be awarded on the sale date by the Mayor to the bidder whose bid results in the lowest true interest cost on the Series 2014 Bonds. The Series 2014 Bonds maturing July 1, 2025 and thereafter are callable on July 1, 2024 and thereafter as provided in the Detailed Notice of Sale.

After opening the bids, the Issuer reserves the right to increase or decrease the principal amount of each maturity of the Series 2014 Bonds by not more than 10% all as described in the Detailed Notice of Sale.

The Series 2014 Bonds in book-entry only form (except as otherwise set forth in the Detailed Notice of Sale) and approving opinion of Bass, Berry & Sims PLC, Nashville, Tennessee, will be furnished at the expense of the Issuer. Additional information, including the Official Statement and Detailed Notice of Sale, may be obtained from the undersigned at the office of the Finance Director, 132 West Main Street, Gallatin, Tennessee 37066 or from Wiley Bros. – Aintree Capital, LLC, Attention: Julianne Graham, 40 Burton Hills Boulevard, Suite 350, Nashville, Tennessee 37215, Telephone: (615) 252-6219; Fax: (615) 782-4111.

Jo Ann Graves
Mayor

*Preliminary, subject to change as provided in the Detailed Notice of Sale

DETAILED NOTICE OF SALE

\$5,585,000*

CITY OF GALLATIN, TENNESSEE

Water and Sewer Revenue Refunding and Improvement Bonds, Series 2014

Time and Place of Sale

Notice is hereby given that the Mayor of the City of Gallatin, Tennessee (the "Issuer") will accept a written bid or electronic bid for the purchase of all, but not less than all, of the Issuer's \$5,585,000* Water and Sewer Revenue Refunding and Improvement Bonds, Series 2014 (the "Series 2014 Bonds") until:

11:00 A.M. Central Time on Tuesday, August 5, 2014.

The written bids must be addressed and delivered to the Issuer to the attention of the Mayor, c/o the office of the Finance Director, 132 West Main Street, Gallatin, Tennessee 37066. Electronic bids must be submitted to PARITY® via the BiDCOMP Competitive Bidding System. No other form of bid or provider of electronic bidding services will be accepted. Such bids are to be publicly opened and read at such time and place on said day. For the purposes of both the written sealed bid process and the electronic bidding process, the time as maintained by BiDCOMP/PARITY® shall constitute the official time with respect to all bids submitted. If any provisions of this Notice of Sale conflict with information provided by BiDCOMP/PARITY® as the approved provider of electronic bidding services, this Notice of Sale shall control. ***The sale of all the Series 2014 Bonds on August 5, 2014 may be postponed prior to the time bids are to be received as published on I-dealProspectus.com. If such postponement occurs, a later public sale may be held at the hour and place and on such date as communicated via I-dealProspectus.com upon forty-eight hours' notice.*** Unless all bids are rejected as set forth in this Detailed Notice of Sale under the heading "Basis of Award," the Series 2014 Bonds will be awarded on such date by the Mayor of the Issuer.

Description of Series 2014 Bonds

The Series 2014 Bonds will be issued in fully registered, book-entry form (except as otherwise provided herein), without coupons, be dated the date of delivery, be issued, or reissued upon transfer, in \$5,000 denominations or multiples thereof, as shall be requested by the purchaser or transferor thereof, as appropriate, and will mature and be payable on July 1 of each year as follows:

<u>Maturity</u> <u>(July 1)*</u>	<u>Principal*</u>	<u>Maturity</u> <u>(July 1)*</u>	<u>Principal*</u>
2015	\$570,000	2023	\$315,000
2016	565,000	2024	325,000
2017	560,000	2025	330,000
2018	290,000	2026	340,000
2019	290,000	2027	355,000
2020	295,000	2028	365,000
2021	300,000	2029	375,000
2022	310,000		

*Preliminary, subject to change, as provided in this Detailed Notice of Sale.

Registration and Depository Participation

The Series 2014 Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. One Bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York ("DTC"), and immobilized in its custody or a custodian of DTC. The book-entry system will evidence beneficial ownership interests of the Series 2014 Bonds in the principal amount of \$5,000 and any integral multiple of \$5,000, with transfers of beneficial ownership interest effected on the records of DTC participants and, if necessary, in turn by DTC pursuant to rules and procedures established by DTC and its participants. The successful bidder, as a condition to delivery of the Series 2014 Bonds, shall be required to deposit the Bond certificates with DTC, registered in the name of Cede & Co., nominee of DTC. Interest on the Series 2014 Bonds will be payable semiannually on January 1 and July 1, beginning January 1, 2015, and principal of the Series 2014 Bonds will be payable, at maturity or upon redemption, to DTC or its nominee as registered owner of the Series 2014 Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC, and transfer of principal and interest payments to beneficial owners of the Series 2014 Bonds by Participants of DTC, will be the responsibility of such participants and of the nominees of beneficial owners. The Issuer will not be responsible or liable for such transfer of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

In the event that the book-entry only system for the Series 2014 Bonds is discontinued and a successor securities depository is not appointed by the Issuer, Bond Certificates in fully registered form will be delivered to, and registered in the names of, the DTC Participants or such other persons as such DTC participants may specify (which may be the indirect participants or beneficial owners), in authorized denominations of \$5,000 or integral multiples thereof. In addition, if the successful bidder for the Series 2014 Bonds certifies that it has no present intent to reoffer the Series 2014 Bonds, the Series 2014 Bonds may be issued in fully registered form only. The ownership of Series 2014 Bonds so delivered shall be registered in registration books to be kept by U.S. Bank National Association, Nashville, Tennessee, as registration and paying agent (the "Registration Agent"), at its principal corporate office, and the Issuer and the Registration Agent shall be entitled to treat the registered owners of the Series 2014 Bonds, as their names appear in such registration books as of the appropriate dates, as the owners thereof for all purposes described herein and in the resolution authorizing the Series 2014 Bonds.

Optional Redemption

Series 2014 Bonds maturing on July 1, 2025 and thereafter shall be subject to redemption prior to maturity at the option of the Issuer on or after July 1, 2024 as a whole, or in part, at any time, at the redemption price of par, plus interest accrued to the redemption date.

If less than all the Series 2014 Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the City Council of the Issuer in its discretion. If less than all of the Series 2014 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 Series 2014 Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Series 2014 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 Series 2014 Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Series 2014 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.

Mandatory Redemption

The successful bidder shall have the option to designate certain consecutive serial maturities of the Series 2014 Bonds as one or more Term Bonds, each Term Bond bearing a single interest rate. If a successful bidder designates certain consecutive serial maturities to be combined into one or more Term Bonds, each Term Bond shall be subject to mandatory sinking fund redemption by the Issuer at a redemption price equal to 100% of the principal amount thereof, together with accrued interest to the date fixed for redemption at the rate stated in the Term Bonds to be redeemed. Each such mandatory sinking fund redemption shall be made on the date on which a consecutive maturity included as part of a Term Bond is payable in accordance with the proposal of the successful bidder for the Series 2014 Bonds and in the amount of the maturing principal installment for the Series 2014 Bonds listed above for such principal payment date. Term Bonds to be redeemed within a single maturity shall be determined by DTC, or its successor, by lot or such other manner as DTC, or successor, shall determine; or if the Term Bonds are not being held under a Book-Entry System, the Term 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.

Purpose and Authority of Series 2014 Bonds

The Series 2014 Bonds are being issued to provide funds for (i) financing capital costs related to the extensions and improvements to the Issuer's water and sewer system (the "System") (ii) refinancing the Issuer's outstanding Water and Sewer Revenue and Tax Refunding Bonds, Series 2004 (the "Series 2004 Bonds"), dated March 1, 2004; and (iii) paying costs of issuance of the Series 2014 Bonds.

The Series 2014 Bonds are being issued under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 7-34-101 et seq., Tennessee Code Annotated, and pursuant to a Master Resolution adopted by the City Council (the "Governing Body") of the Issuer on July 1, 2008, as supplemented by Supplemental Resolution adopted by the Governing Body on July 8, 2014 (collectively, the "Resolution").

Security and Sources of Payment

The Series 2014 Bonds are payable solely from and secured by a lien on the revenues of the System, after payment of operating expenses, on a parity of lien with the Issuer's outstanding Water and Sewer Revenue Bonds, Series 2008, its Water and Sewer Revenue and Refunding and Improvement Bonds, Series 2011, and any obligation hereafter issued on a parity therewith.

The Series 2014 Bonds do not constitute a debt, liability, general or moral obligation, or pledge of the faith and credit or taxing power of the Issuer. No governmental entity, including the Issuer, is obligated to levy any tax for the payment of the Series 2014 Bonds. The pledge of and lien on the Net Revenues securing the Series 2014 Bonds does not create a legal or equitable pledge, charge, lien, or

encumbrance upon any of the Issuer's property or income, receipts, or revenues, except the Net Revenues and the amounts on deposit in the funds held under the Resolution.

Submission of Bid

All bids submitted, electronic or otherwise, must be submitted as set forth under the heading "**Time and Place of Sale**", set forth above.

Written bids must be enclosed in a sealed envelope bearing the name and address of the bidder, clearly and legibly marked on the outside "Bid for Series 2014 Bonds," addressed and delivered to the following address:

Office of the Mayor
c/o Office of the Finance Director
132 West Main Street
Gallatin, Tennessee 37066

Written bids must be submitted on the Bid Form included with the Preliminary Official Statement or on a reasonable facsimile thereof. Electronic bids must be submitted to PARITY® via the BiDCOMP Competitive Bidding System. An electronic bid made through the facilities of BiDCOMP/PARITY® shall be deemed an offer to purchase in response to the Notice of Sale and shall be binding upon the bidder as if made by a signed sealed written bid made to the Issuer. To the extent any instructions or directions set forth in BiDCOMP/PARITY® conflict with the terms of the Detailed Notice of Sale, the Detailed Notice of Sale shall prevail. The Issuer shall not be responsible for any malfunction or mistake made by or as a result of the use of electronic bidding facilities. The use of such facilities is at the sole risk of the bidders. Subscription to I-Deal's BiDCOMP/PARITY® Competitive Bidding System by a bidder is required in order to submit an electronic bid. The Issuer will not confirm any subscription or be responsible for the failure of any prospective bidder to subscribe. Both written bids and electronic bids must be unconditional and received by the office of the Mayor and/or BiDCOMP/PARITY®, respectively, before the time stated above. Each bid must be accompanied by a Good Faith Deposit. The Issuer is not liable for any costs incurred in the preparation, delivery, acceptance or rejection of any bid, including, without limitation, the providing of a bid security deposit.

Form of Bids

All bids for the Series 2014 Bonds must be for not less than all of the Series 2014 Bonds. Bidders must bid not less than par nor greater than 110% of par plus accrued interest, if applicable (the "Purchase Price") for all of the Series 2014 Bonds. Bidders must specify the interest rate or rates the Series 2014 Bonds are to bear in multiples of one-eighth (1/8th) or one-twentieth (1/20th) of one percent (1%), but no rate specified for the Series 2014 Bonds shall be in excess of 5% per annum. There will be no limitation on the number of rates of interest which may be specified for the Series 2014 Bonds, but one rate of interest shall apply to all the Series 2014 Bonds of a maturity. Bidders may designate two or more consecutive serial maturities as one or more Term Bond maturities equal in aggregate principal amount to, and with mandatory redemption requirements corresponding to, such designated serial maturities. Bidders must specify the reoffering prices or yields of each maturity. Each maturity of the Series 2014 Bonds must be reoffered at a price of not less than 98% of the par amount of such maturity.

Revised Maturity Schedule

The aggregate principal amount of the Series 2014 Bonds (the "Preliminary Aggregate Principal Amount") and the annual principal amounts of Series 2014 Bonds (the "Preliminary Annual Principal Amounts" and collectively, with reference to the Preliminary Aggregate Principal Amounts, the "Preliminary Amounts") set forth in this Detailed Notice of Sale may be revised before the viewing of bids for the purchase of the Series 2014 Bonds. Any such revisions (the "Revised Aggregate Principal Amount", the "Revised Annual Principal Amounts" and the "Revised Amounts") WILL BE GIVEN BY NOTIFICATION PUBLISHED ON www.I-dealProspectus.com NOT LATER THAN 4:00 P.M., CENTRAL TIME ON THE DAY PRECEDING THE RECEIPT OF BIDS. In the event that no such revisions are made, the Preliminary Amounts will constitute the Revised Amounts and will remain as stated in this Detailed Notice of Sale. BIDDERS SHALL SUBMIT BIDS BASED ON THE REVISED AMOUNTS, IF ANY. Prospective bidders may request notification by facsimile transmission of any revisions in the Preliminary Amounts by so advising and faxing their telecopier number(s) to Wiley Bros. – Aintree Capital, LLC, Financial Advisor to the Issuer, at (615) 782-4111 by 12:00 Noon, Central Time, at least one day prior to the date for receipt of the bids.

Changes to Maturity Schedule

The Issuer reserves the right to change the Revised Aggregate Principal Amount of the Series 2014 Bonds and the Revised Annual Principal Amounts of the Series 2014 Bonds after determination of the winning bidder, by increasing or decreasing the Revised Annual Principal Amount of each maturity of the Series 2014 Bonds by not more than 10%. Such changes, if any, will determine the final annual principal amounts of the Series 2014 Bonds (the "Final Annual Principal Amounts") and the final aggregate principal amount of Series 2014 Bonds (the "Final Aggregate Principal Amount"). The dollar amount bid by the successful bidder will be adjusted to reflect any adjustments in the Final Aggregate Principal Amount of the Series 2014 Bonds. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE PRINCIPAL AMOUNTS WITHIN THESE LIMITS. The Issuer anticipates that the Final Annual Principal Amounts of the Series 2014 Bonds and the Final Aggregate Principal Amount of Series 2014 Bonds will be communicated to the successful bidder prior to the award of the Series 2014 Bonds. THE DOLLAR AMOUNT BID BY THE SUCCESSFUL BIDDER FOR THE PURCHASE OF THE SERIES 2014 BONDS WILL BE ADJUSTED TO REFLECT ANY CHANGE IN THE ANNUAL PRINCIPAL AMOUNTS BASED UPON THE ASSUMPTION THAT THE COUPON RATES, REOFFERING PRICES, AND THE UNDERWRITER'S DISCOUNT (EXCLUDING ORIGINAL ISSUE DISCOUNT/PREMIUM) STATED AS A PERCENTAGE OF THE AGGREGATE PRINCIPAL AMOUNT, AS SPECIFIED BY THE SUCCESSFUL BIDDER WILL NOT CHANGE.

Basis of Award

If an award is made, the Series 2014 Bonds will be awarded to the bidder whose bid results in the lowest true interest cost to the Issuer for the Series 2014 Bonds as determined by reference to the Revised Aggregate Principal Amounts as discussed in the paragraph above. The lowest true interest cost on the Series 2014 Bonds will be calculated as that rate which when used in computing the present worth of all payments of principal and interest on the Series 2014 Bonds (compounded semi-annually from the dated date of such Series 2014 Bonds) produces a yield equal to the purchase price of the Series 2014 Bonds. For the purpose of calculating the true interest cost, the principal amount of Term Bonds scheduled for mandatory sinking fund redemption as part of a Term Bond shall be treated as a serial

maturity in each year. Each bidder is required to specify its calculation of the true interest cost resulting from its bid, but such information shall not be treated as part of its proposal.

In the event that two or more of the bidders offer to purchase the Series 2014 Bonds thereof at the same lowest true interest cost, the Mayor shall determine, in the sole discretion of the Mayor, which of the bidders shall be awarded the Series 2014 Bonds.

The Mayor reserves the right to waive any irregularity or informality in any bid, and to reject any or all bids, and notice of rejection of any bid will be made promptly. Unless all bids are rejected, award of Series 2014 Bonds will be made by the Mayor on the sale date specified in the Notice of Sale.

Good Faith Deposit

The successful bidder will be required to submit a good faith deposit (each a "Deposit") in the amount of \$111,700 to secure the faithful performance of the terms of the bid to purchase the Series 2014 Bonds. The Deposit may be provided in the form of:

1. **Federal Funds Wire Transfer.** A federal funds wire transfer submitted to the Issuer by the successful bidder by 3:00 p.m. Central Time on the day of the sale provided the Issuer awards the bid by 1:00 p.m. Central Time otherwise the wire shall be received not later than 12:00 noon Central Time on the next business day following the award. The Mayor reserves the right to adjust the time the deposit is to be received if there are problems with electronic transfers of funds or other acceptable reasons.
2. **Certified Check.** A bank certified check, bank cashier's check or a treasurer's check drawn upon an incorporated bank or trust company payable unconditionally to the order of the Issuer. If a check is used, it must accompany a bid and be received by the time and date bids are required. If the successful bidder's Deposit is by check, the check will be deposited on the date of the sale.

Wire transfer instructions are available from Wiley Bros. – Aintree Capital, LLC., Attn: Julianne Graham, 40 Burton Hills Boulevard, Suite 350, Nashville, Tennessee 37215, Telephone (615) 252-6219; Fax: (615) 782-4111. In the event the successful bidder fails to timely submit the Deposit, the award may be terminated by the Mayor, and the Mayor, in her discretion, may award the Series 2014 Bonds to the bidder whose bid results in the next lowest true interest cost to the Issuer as the lowest complying bidder or hold a subsequent sale of the Series 2014 Bonds. The Issuer shall have no liability to any bidder who fails to properly submit a Deposit.

The Deposit of the successful bidder will be deposited by the Issuer and the proceeds thereof credited with no interest allowed thereon against the total purchase price to be paid for the Series 2014 Bonds upon their delivery or retained as and for full liquidated damages if the successful bidder fails to accept delivery of and pay for the Series 2014 Bonds. Checks of unsuccessful bidders will be returned promptly upon the award of the Series 2014 Bonds. If a successful bidder fails to timely make the Deposit for the Series 2014 Bonds, the award may be terminated in the discretion of the Mayor and the Issuer shall be entitled to an amount equal to the Deposit as liquidated damages for failure of the successful bidder to comply with the terms of the award of the Series 2014 Bonds.

CUSIP

It is anticipated that CUSIP identification numbers will be printed on the Series 2014 Bonds at the expense of the winning bidder, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Series 2014 Bonds in accordance with this Detailed Notice of Sale.

Public Offering Prices

Within one hour of the award of the Series 2014 Bonds, the successful bidder shall furnish to the Issuer a certificate acceptable to bond counsel stating (i) the reoffering prices (as shown in the bidder's winning bid); (ii) that the successful bidder will make a bona fide public offering of the Series 2014 Bonds at such reoffering prices; and (iii) that the successful bidder reasonably expects that the Series 2014 Bonds (or at least 10% of each maturity of the Series 2014 Bonds) will be sold to the public (excluding bond houses, brokers and other intermediaries) at those reoffering prices.

As a condition to the delivery of the Series 2014 Bonds, the successful bidder will be required to deliver a certificate to the Issuer confirming that nothing has come to the bidder's attention that would lead it to believe that its certification with respect to the reoffering prices of the Series 2014 Bonds given in connection with the award of the Series 2014 Bonds is inaccurate, and addressing such other matters as to the reoffering prices of the Series 2014 Bonds as bond counsel may request.

Official Statement

The Issuer will provide or cause to be provided, to the successful bidder, either in electronic format or printed copies, the final official statement sufficient in quantity to enable the successful bidder to comply with SEC Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board. Said final official statements will be provided to the successful bidder not later than seven (7) business days after the sale, or, if the Issuer, or its Financial Advisor, is notified that any confirmation requesting payment from any customer will be sent before the expiration of such period and specifying the date such confirmation will be sent, the final official statements will be provided in sufficient time to accompany such confirmation.

Continuing Disclosure

The Issuer will, at the time the Series 2014 Bonds are delivered, execute a Continuing Disclosure Certificate in which it will covenant for the benefit of holders and beneficial owners of the Series 2014 Bonds to provide certain financial information and operating data relating to the Issuer not later than twelve months after each of the Issuer's fiscal years (the "Annual Report"), and to provide notice of the occurrence of certain enumerated events and notice of failure to provide any required financial information of the Issuer. The Annual Report (and audited financial statements, if filed separately) and notices described above will be filed by the Issuer with the Municipal Securities Rulemaking Board ("MSRB") at www.emma.msrb.com and with any State Information Depository established in the State of Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Report or the notices of events will be summarized in the Issuer's official statement to be prepared and distributed in connection with the sale of the Series 2014 Bonds.

Legal Opinion and Transcript

The book-entry Series 2014 Bonds and the approving opinion of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel (which will be delivered with the Series 2014 Bonds), together with the Bond transcript, including a certificate as to no litigation from the Issuer dated as of the date of the delivery of the Series 2014 Bonds, will be furnished to the purchaser at the expense of the Issuer. As set forth in the Official Statement and subject to the limitations set forth therein, bond counsel's opinion will include an opinion that (i) based on existing law and assuming compliance with certain tax covenants of the Issuer, interest on the Series 2014 Bonds will be excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal law alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining the adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations, and (ii) under existing Tennessee law, the Series 2014 Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except inheritance, transfer and estate taxes and Tennessee franchise and excise taxes. Owners of the Series 2014 Bonds may be subject to certain additional taxes or tax consequences arising with respect to ownership of the Series 2014 Bonds. For a discussion thereof, reference is hereby made to the Official Statement and the form of opinion contained therein.

Delivery and Payment

The Series 2014 Bonds are expected to be ready for delivery within forty-five (45) days after the sale thereof, in book-entry form. At least five (5) days' notice will be given to the bidder. Delivery will be made through The Depository Trust Company, New York, New York at the expense of the purchaser. Payment for the Series 2014 Bonds must be made in federal funds or other immediately available funds.

Further Information

Copies of the Preliminary Official Statement may be obtained from the undersigned at the office of the Finance Director, 132 West Main Street, Gallatin, Tennessee 37066, or from Wiley Bros. – Aintree Capital, LLC, Attn: Julianne Graham, 40 Burton Hills Boulevard, Suite 350, Nashville, Tennessee 37215, Telephone: (615) 252-6219; Fax: (615) 782-4111.

Jo Ann Graves,
Mayor

\$5,585,000*
CITY OF GALLATIN, TENNESSEE
WATER AND SEWER REVENUE REFUNDING AND IMPROVEMENT BONDS, SERIES 2014

OFFICIAL BID FORM

Jo Ann Graves, Mayor
c/o Office of Finance Director
132 West Main Street
Gallatin, Tennessee 37066

August __, 2014

For your legally issued, properly executed City of Gallatin, Tennessee (the "Issuer") \$5,585,000* Water and Sewer Revenue Refunding and Improvement Bonds, Series 2014 (the "Series 2014 Bonds") and in all respects to be as more fully outlined in your Detailed Notice of Sale, which by reference is made a part hereof, we will pay you a sum of \$_____.

The Series 2014 Bonds will be dated the date of delivery, will mature on July 1 as shown below, and shall bear interest at the following rates:

<u>Maturity (July 1)*</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Reoffering Price</u>	<u>Maturity (July 1)*</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Reoffering Price</u>
2015	\$570,000			2023	\$315,000		
2016	565,000			2024	325,000		
2017	560,000			2025	330,000		
2018	290,000			2026	340,000		
2019	290,000			2027	355,000		
2020	295,000			2028	365,000		
2021	300,000			2029	375,000		
2022	310,000						

Principal of and interest on the Series 2014 Bonds will be payable at the principal corporate trust office of U.S. Bank National Association, Nashville, Tennessee.

This bid is made with the understanding that the Issuer will furnish without cost to the successful bidder the unqualified approving opinion of Bass, Berry & Sims PLC, Attorneys, Nashville, Tennessee, and the executed Series 2014 Bonds.

We have exercised the option to designate two or more consecutive serial maturities as Term Bonds as set forth below:

<p>Term Bond 1, due July 1, _____ includes the following maturities: From July 1, _____ to July 1, _____.</p> <p>Term Bond 2, due July 1, _____ includes the following maturities: From July 1, _____ to July 1, _____.</p>		
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%; padding: 2px;">Firm Name</td> <td style="width: 40%;"></td> </tr> </table>	Firm Name	
Firm Name		

* Preliminary, subject to change as set forth in the Detailed Notice of Sale.

In accordance with the terms of the Detailed Notice of Sale, there is enclosed herewith a certified check or bank cashier's or treasurer's check for \$111,700 payable to the order of the Issuer or a wire transfer of \$108,700 to the Issuer as set forth in the Detailed Notice of Sale, which is to be applied in accordance with the Detailed Notice of Sale. If using a wire transfer, the good faith deposit shall be provided in the form of:

1. **Federal Funds Wire Transfer.** A federal funds wire transfer submitted to the Issuer by the successful bidder by 3:00 p.m. Central Time on the day of the sale provided the Issuer awards the bid by 1:00 p.m. Central Time otherwise the wire shall be received not later than 12:00 noon Central Time on the next business day following the award. The Mayor reserves the right to adjust the time the deposit is to be received if there are problems with electronic transfers of funds or other acceptable reasons.
2. **Certified Check.** A bank certified check, bank cashier's check or a treasurer's check drawn upon an incorporated bank or trust company payable unconditionally to the order of the Issuer. If a check is used, it must accompany a bid and be received by the time and date bids are required. If the successful bidder's Deposit is by check, the check will be deposited on the date of the sale.

Wire transfer instructions are available from Wiley Bros. – Aintree Capital, LLC, Attn: Julianne Graham, 40 Burton Hills Boulevard, Suite 350, Nashville, Tennessee 37215, Telephone (615) 252-6219; Fax: (615) 782-4111. In the event the successful bidder fails to timely submit the Deposit, the award may be terminated by the Mayor, and the Mayor, in her discretion, may award the Series 2014 Bonds to the bidder whose bid results in the next lowest true interest cost to the Issuer as the lowest complying bidder or hold a subsequent sale of the Series 2014 Bonds. The Issuer shall have no liability to any bidder who fails to properly submit a Deposit.

In the event this bid is accepted and should for any reason we fail to comply with the terms of this bid, said deposit will be forfeited by us as full liquidated damages; otherwise, said deposit will be credited against the purchase price of the Series 2014 Bonds at closing. In the event the Mayor fails to deliver the Series 2014 Bonds to us as described in the Detailed Notice of Sale, said deposit will be returned to us.

Accepted this ___th day of August, 2014

Respectfully submitted,

Mayor

Firm Name

Signature

Title

Telephone Number of Person to Submit Bid

The following is for information purposes only.

Total Interest Cost	
Plus discount or less premium, if any	
Net Interest Cost	
True Interest Rate (TIC)	

(The calculations of Net Interest Costs and True Interest Rate and the Reoffering Prices are for information purposes only and do not constitute a part of this bid.)