



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

January 22, 2014

Mr. Danny Bledsoe, General Manager  
Gladeville Utility District  
3826 Vesta Road  
Lebanon, TN 37090

Dear Mr. Bledsoe:

This Office received a request on January 15, 2014, from Gladeville Utility District (the "District") for a report on the plan of finance (the "Plan") for the proposed issuance of an estimated \$10,045,000 Waterworks Revenue Refunding and Improvement Bonds, Series 2014 (the "Bonds") to current refund by negotiated sale an estimated:

- \$40,000 Waterworks Revenue Bonds, Series 1977 (USDA Loan);
- \$260,000 Waterworks Revenue Bonds, Series 1979 (USDA Loan);
- \$554,389 Waterworks Revenue Bonds, Series 1988 (USDA Loan);
- \$1,785,525 Waterworks Revenue Bonds, Series 2001 (USDA Loan);
- \$570,000 Waterworks Revenue Refunding and Improvement Bonds, Series 2002; and
- \$510,059 Tennessee State Revolving Fund Loan, DWF 00-021; collectively these are the "Refunded Bonds."

The total refunded principal is \$3,719,973. The Bonds include an estimated \$6,000,000 for the District to: construct additions and improvements, purchase of equipment, and be reimbursed for capital expenses used for improvements.

The financial information received with the District's Plan include the assertions of the District and may not reflect the current or future financial condition of the District or reflect either current market conditions or market conditions at the time of sale.

#### **Financial Professionals**

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

**Financial Information for the Year Ending December 31, 2012:**

The District's operating income was \$552,139. The District had an increase in net assets of \$1,093,499 for the year from \$19,858,469 on December 31, 2011 to \$20,951,968 on December 31, 2012. Debt service payments were \$632,321 consisting of interest payments of \$222,516 and of principal payments of \$409,805.

**Compliance with the District's Debt Management Policy**

The District provided a copy of its debt management policy (the "Policy"). Within forty-five days of issuance of the debt discussed in this letter the District will be required to submit a Report on Public Debt that indicates that this debt complies with its debt policy. If the District amends its Policy please send a copy to this office.

**Report for Publication**

Pursuant to Tennessee Code Annotated, Title 7, Chapter 82, and Tennessee Code Annotated, Title 9, Chapter 21, prior to issuance of refunding bonds, a plan for issuance must be submitted to the Director of the Office of State and Local Finance (the "Director") for review. The Director then reports on such information (the "Report").

The Report must be published once during the week following its receipt in a newspaper of general circulation in the counties served by the utility district. Please post this letter, the Report, and submitted Plan on the District's website. If you need an electronic copy of the attached Report, please let us know.

**The enclosed Report does not constitute either approval or disapproval by the Director of the Plan. This letter and the enclosed Report do not address compliance with federal tax regulations and are not to be relied upon for that purpose. The District should discuss these issues with a bond counsel or tax attorney.**

**Report on Debt Obligation**

We are enclosing the Report on Public Debt. Pursuant to T.C.A. § 9-21-151, this form must be completed and filed with the governing body of the public entity issuing the debt no later than forty-five (45) days after the issuance of this debt, with a copy (including attachments, if any) filed with the Director of the Office of State and Local Finance by mail to the address on this letterhead or by email to [stateandlocalfinance.publicdebtform@cot.tn.gov](mailto:stateandlocalfinance.publicdebtform@cot.tn.gov). No public entity may enter into additional debt if it has failed to file the Report on Debt Obligation.

Sincerely,



Sandra Thompson  
Director of State and Local Finance

Cc: Mr. Jim Arnette, Director of Local Government Audit, COT  
Mr. Larry Kidwell, Kidwell and Company, Inc.  
Ms. Brendi Kaplan, Nelson Mullins Riley & Scarborough, LLP

Enclosures (2): Report of the Director of the Office of State & Local Finance; Report on Public Debt



**REPORT OF THE DIRECTOR OF THE OFFICE OF STATE AND LOCAL FINANCE  
REGARDING THE ISSUANCE BY  
GLADEVILLE UTILITY DISTRICT OF  
WATERWORKS REVENUE REFUNDING AND IMPROVEMENT BONDS, SERIES 2014**

Pursuant to the requirements of T.C.A. § 7-82-501, the Director of the Office of State and Local Finance has reviewed a plan of finance (the "Plan") prepared by Gladeville District (the "District") with the assistance of its financial advisor, Kidwell and Company, Inc., for the issuance of an estimated \$10,045,000 Waterworks Revenue Refunding and Improvement Bonds, Series 2014 (the "Bonds") to current refund by negotiated sale an estimated:

- \$40,000 Waterworks Revenue Bonds, Series 1977 (USDA Loan);
- \$260,000 Waterworks Revenue Bonds, Series 1979 (USDA Loan);
- \$554,389 Waterworks Revenue Bonds, Series 1988 (USDA Loan);
- \$1,785,525 Waterworks Revenue Bonds, Series 2001 (USDA Loan);
- \$570,000 Waterworks Revenue Refunding and Improvement Bonds, Series 2002; and
- \$510,059 Tennessee State Revolving Fund Loan, DWF 00-021; collectively these are the "Refunded Bonds."

The total refunded principal is \$3,719,973. The Bonds include an estimated \$6,000,000 for the District to: construct additions and improvements, purchase of equipment, and be reimbursed for capital expenses used for improvements.

The financial information received with the District's Plan includes the assertions of the District and may not reflect the current or future financial condition of the District or reflect either current market conditions or market conditions at the time of sale. The Bonds may be structured in a different manner than proposed—priced at a premium, discount, or with a different principal payment structure.

**ANALYSIS**

The Plan estimates the following concerning the Refunding Bonds:

- The estimated net present value savings for the refunding is \$572,800 or 15.40% of the refunded principal.
- The savings are generated by reducing the aggregate average coupon of the Refunded bonds from 5.21% to an average coupon of 2.97% for the refunding portion of the Bonds.
- The final maturity of the refunding portion of the Bonds does not extend beyond the final maturity of the Refunded Bonds.
- The cost of issuance of the Bonds is \$294,771 or \$29.35 per \$1,000 of par amount of the Bonds. See Table 1 for individual costs of issuance.

Table 1  
Costs of Issuance of the Bonds

	Amount	Price per \$1,000 bond
Underwriter's Discount	\$ 75,337.50	\$ 7.50
Financial Advisor (Kidwell & Company)	150,675.00	15.00
Bond Counsel (Nelson, Mullins, Riley, & Scarborough)	37,668.75	3.75
Other costs	31,090.00	3.10
Total Cost of Issuance	<u>\$ 294,771.25</u>	<u>\$ 29.35</u>

**Financial Information for the Year Ending December 31, 2012:**

The District's operating income was \$552,139. The District had an increase in net assets of \$1,093,499 for the year from \$19,858,469 on December 31, 2011 to \$20,951,968 on December 31, 2012. Debt service payments were \$632,321 consisting of interest payments of \$222,516 and of principal payments of \$409,805.

The District has reported Kidwell and Company, Inc. as its financial advisor in this transaction. Financial advisors have a fiduciary responsibility to you, the issuer. Underwriters have no fiduciary responsibility to you. They represent the interests of their firm.

This report of the Office of State and Local Government does not constitute approval or disapproval by the Office for the proposed Plan.



Sandra Thompson  
Director of State and Local Finance  
January 22, 2014