



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
OFFICE OF STATE AND LOCAL FINANCE
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March 15, 2016

Mr. Paul Campbell, President
And Board of Commissioners
Nolensville - College Grove Utility District
P.O. Box 127
Nolensville, TN 37135

Dear Mr. Campbell and Commissioners:

This Office received a request on March 14, 2016, from the Nolensville - College Grove Utility District (the "District") for a report on the plan of finance (the "Plan") for the proposed issuance of a maximum of \$8,700,000 Waterworks Revenue Refunding and Improvement Bonds, Series 2016, (the "Refunding Bonds"). The District expects to use the proceeds of the Refunding Bonds to finance system improvements and to advance refund \$3,090,000 Waterworks Revenue Refunding Bonds, Series 2009, (the "Refunded Bonds").

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.

Financial Professionals

The District has reported Cumberland Securities 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 September 30, 2015

For the fiscal year ending September 30, 2015, the District reported an operating loss of \$74,580, but posted a positive change in net position of \$3,026,073. The District also posted a positive change in net position for fiscal year 2014 in the amount of \$1,573,615. Debt service payments

for fiscal year 2015 were \$479,206, consisting of principal payments of \$292,000 and interest payments of \$187,206.

Compliance with the District's Debt Management Policy

The District provided a copy of its debt management policy, and within forty-five (45) days of issuance of the Refunding Bonds, is required to submit a Report on Debt Obligation that indicates that this debt complies with its debt policy. If the District amends its policy, please submit the amended policy to this office.

Balloon Indebtedness

The structure of the Bonds presented in the Plan does not appear to be balloon indebtedness. If the Bonds' structure is revised, the District should determine if the new structure complies with the requirements of T.C.A § 9-21-134 concerning balloon indebtedness. If it is determined that the bond structure constitutes balloon indebtedness, the District must submit a Plan of Balloon Indebtedness to the Director of the Office of State and Local Finance for approval prior to the District adopting the resolution authorizing the issuance of the debt.

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 the Director's approval or disapproval 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.

Municipal Securities Rulemaking Board (MSRB) Voluntary Disclosure of Bank Loans

The Municipal Securities Rule Making Board (MSRB) released regulatory notices: MSRB Notice 2011-52, providing guidance on the use of "bank loans" that could be a private placement of municipal securities subject to specific regulatory requirements including disclosure; and MSRB Notice 2012-18, encouraging the voluntary disclosure of bank loan financings through the MSRB's Electronic Municipal Market Access (EMMA®) website (emma.msrb.org). For more information see the preceding notices on the MSRB's website (msrb.org). To learn how to submit disclosure see the link at the bottom of the EMMA website labeled Submit Documents or the Education Center of the MSRB's website.

Report on Debt Obligation

We are enclosing the Report on Debt Obligation. 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 days after the issuance of this debt, with a copy (including attachments, if any) filed with the Director of the Office of State and Local Finance by mail to the address on this letterhead or by email to stateandlocalfinance.publicdebtform@cot.tn.gov. No public entity may enter into additional debt if it has failed to file the Report on Debt Obligation.

If you should have any questions or we may be of further assistance, please feel free to call us.

Sincerely,



Sandra Thompson
Director of State and Local Finance

Cc: Mr. Jim Arnette, Director of Local Government Audit
Mr. Mike Polston, Nolensville - College Grove Utility District
Mr. C. L. Overman, Cumberland Securities Company, Inc.
Mr. Chris Bessler, Cumberland Securities Company, Inc.
Mr. Jeff Oldham, Bass Berry & Sims

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

**REPORT OF THE DIRECTOR OF THE OFFICE OF STATE AND LOCAL FINANCE
REGARDING THE ISSUANCE BY
NOLENSVILLE - COLLEGE GROVE UTILITY DISTRICT
OF ITS
WATERWORKS REVENUE REFUNDING AND IMPROVEMENT BONDS, SERIES 2016**

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 Nolensville – College Grove Utility District (the "District") with the assistance of its financial advisor, Cumberland Securities Company, Inc. ("CSC"), for the issuance of a maximum of \$8,700,000 Waterworks Revenue Refunding Bonds, Series 2016, (the "Refunding Bonds"). The District expects to use the proceeds of the Refunding Bonds to finance system improvements and to advance refund \$3,090,000 Waterworks Revenue Refunding Bonds, Series 2009, (the "Refunded Bonds").

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.

Balloon Indebtedness

The structure of the Bonds presented in the Plan does not appear to be balloon indebtedness. If the Bonds' structure is revised, the District should determine if the new structure complies with the requirements of T.C.A § 9-21-134 concerning balloon indebtedness. If it is determined that the bond structure constitutes balloon indebtedness, the District must submit a Plan of Balloon Indebtedness to the Director of the Office of State and Local Finance for approval prior to the District adopting the resolution authorizing the issuance of the debt.

Financial Information for the Fiscal Year Ending September 30, 2015

For the fiscal year ending September 30, 2015, the District reported an operating loss of \$74,580, but posted a positive change in net position of \$3,026,073. The District also posted a positive change in net position for fiscal year 2014 in the amount of \$1,573,615. Debt service payments for fiscal year 2015 were \$479,206, consisting of principal payments of \$292,000 and interest payments of \$187,206.

Analysis of the Refunding Bonds

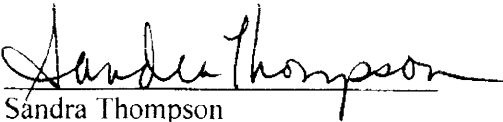
- An estimated \$8,550,000 Refunding Bonds will be sold by competitive bid and priced at par.
- Estimated net present value savings for the refunding portion of the Refunding Bonds is \$209,222, or 6.77% of the refunded principal.
- The final maturity of the Refunding Bonds does not extend beyond the final maturity of the Refunded Bonds.
- The cost of issuance of the Refunding Bonds is \$168,314 or \$19.68 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 (TBD by Competitive Bid)	\$ 73,364.43	\$ 8.58
Municipal Advisor (Cumberland Securities Company, Inc.)	42,750.00	\$ 5.00
Bond Counsel (Bass Berry & Sims)	20,000.00	\$ 2.34
Rating Agency Fees	15,500.00	\$ 1.81
Other Costs	16,700.00	\$ 1.95
Total Cost of Issuance	<u>\$ 168,314.43</u>	<u>\$ 19.68</u>

The District has reported Cumberland Securities 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.

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


Sandra Thompson
Director of State and Local Finance
March 15, 2016