

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  
September 28, 2012  
Honorable Richard Johnson, Mayor  
Town of Ashland City  
P.O. Box 36  
Ashland City, TN 37015

Dear Mayor Johnson:

This letter acknowledges receipt on September 26, 2012, of a request to review a plan of refunding (the "Plan") for an issuance of not to exceed \$2,810,500 Water and Sewer Revenue and Tax Refunding Bonds,

Series 2012B (the "2012B Bonds"). The 2012B Bonds will current refund, an estimated \$2,793,553 Water and

Sewer Revenue and Tax Bonds, Series 2005 (the "Refunded Bonds").

Pursuant to the provisions of Title 9, Chapter 21, Tennessee Code Annotated, a plan must be submitted to our

Office for review prior to the adoption of a resolution by the governing body of a local government authorizing

the issuance of refunding bonds secured, in whole or in part, by the full faith and credit and unlimited taxing

power of the Town. The information presented in the Plan includes the assertions of the Town and may not

reflect either current market conditions or market conditions at the time of sale.

Town's Proposed Refunding Objective

The 2012 Bonds are being issued for debt service savings. The Plan estimates net present value savings of

\$1,096,808 or 39.26% of the refunded principal.

Compliance with the Town's Debt Management Policy

The Town provided a copy of its debt management policy. When the Town submits Form CT-0253 within 45

days of issuance of the debt approved in this letter, the Town must describe, in specifics, how the debt

complies with its Debt Policy. If a copy of the Policy has already been filed with the Office, the Town does not

have to resubmit a copy of the Policy if it is the current version of the policy.

The Municipal Securities Rule Making Board (MSRB) has released guidance that may impact the Town's Policy

and may require amendment of the Policy.

Private Negotiated Sale

The approval of the Office of State and Local Finance is required when a municipality desires to sell refunding

General Obligation debt through a negotiated sale process. The Town has requested approval to sell the

Refunding Bonds through negotiated sale.

This letter constitutes approval to negotiate the sale of the 2012 Bonds, conditioned upon the following requirements:

- The bonds are sold with the debt service payment schedule having the same principal repayment schedule as presented in the plan or the principal repayment schedule is accelerated.
- A copy of this letter and the enclosed report shall be provided to all members of the Board of Mayor and Aldermen, be presented at the next meeting of the Board after receipt, and be spread across the face of the minutes of the meeting.
- The Town shall comply with all the requirements of Title 9, Chapter 21 of the Tennessee Code Annotated.

Report of the Review of a Plan of Refunding

Distribute this letter and the enclosed report of the review of the Plan to the members of the Board of Mayor

and Aldermen as required by Tennessee Code Annotated Section 9-21-903.

This letter, report, and the Plan are to be placed on the Town's website. The same report is to be provided to each member of the Board of Mayor and Aldermen and reviewed at the Public Meeting at which the proposed refunding bond resolution will be presented.

The enclosed report does not constitute approval or disapproval for the proposed plan or a determination

that a refunding is advantageous or necessary nor that any of the outstanding obligations should be called

for redemption on the first or any subsequent available redemption date or remain outstanding until their respective dates of maturity.

This letter and the enclosed report do not address the compliance with federal tax regulations and are not

to be relied upon for that purpose. The Town should discuss these issues with a bond counsel.

This report is effective for a period of one hundred and twenty (120) days. If the refunding has not been

completed during this time, a supplemental plan of refunding must be submitted to this Office, at that time we

will issue a report thereon pursuant to the statutes. In lieu of submitting a supplemental plan, a statement may

be submitted to our Office after the 120-day period has elapsed stating that the information contained in the

current plan of refunding remains valid. Such statement must be submitted by either the Chief Executive

Officer or the Chief Financial Officer of the local government We will acknowledge receipt of such statement

and will issue our letter confirming that this refunding report remains valid for an additional 120-day period.

However, with regard to the report currently being issued by this Office, during the initial 120-day period or any

subsequent 120-day period no refunding reports will be issued relating to the debt obligations indicated herein

as being refunded unless the Chief Executive Officer or the Chief Financial Officer notWes our Office that the plan of refunding which has been submitted is no longer valid. We recognize that the information provided in the plan submitted to our Office is based on preliminary analysis and estimates, and that actual results will be determined by market conditions at the time of sale of the debt obligations. However, if it is determined prior to the issuance of these obligations that the actual results will be significantly d(fferent from the information provided in the plan which has been submitted, and the local government determines to proceed with the issue, our Office should subsequently be notWed by either the Chief Executive Officer or the Chief Financial Officer of the local government regarding these differences, and that the local government was aware of the differences and determined to proceed with the issuance of the debt obligations. Notification to our Office will be necessary only if there is an increase or decrease of greater than fifteen percent (15%) in any of the following: (1) the principal amount of the debt obligations issued; (2) the costs of issuance; (3) the cumulative savings or loss with regard to any refunding proposal. We consider this notification necessary to insure that this Office and officials of the local government are aware of any significant changes that occur with regard to the issuance of the proposed indebtedness.

MSRB Rule G-17

MSRB Rule 6-17 requires underwriters and municipal advisors to deal fairly with the Town in the conduct of its municipal securities or municipal advisory activities. MSRB Notice 2012-25 on the duties of underwriters to issuers of municipal securities was approved by the Securities and Exchange Commission on May 4, 2012. On August 2, 2012, this interpretive notice to MSRB Rule 6-17 on fair dealing became part of federal securities law and underwriters are required to comply with its provisions. These duties fall into three areas:

- statements and representations to issuers;
- disclosures to issuers; and
- financial aspects of underwriting transactions.

To learn more about the obligations the Town's underwriter (if applicable) and municipal advisor have to do, based on these duties, please read the information posted on the MSRB website: [www.msrb.org](http://www.msrb.org).

Public Debt Entity Report

Enclosed is a revised Form CT-0253 .Report on Debt Obligation. The Form CT-0253 must be filed with the governing body of the public entity issuing the debt not later than forty-five (45) days following the issuance or execution of a debt obligation by or on behalf of any public entity, with a copy (including attachments, if any)

filed with the Director of the Office of State and Local Finance either by mail to the address on this letterhead or by email to the address below. No public entity may enter into additional debt if it has failed to file the

Report on Debt Obligation.

StateandLocalFinance.PublicDebtForm@cot.tn.gov

Sincerely,

**4**, Mary-Margaret Collier

Director of the Office of State & Local Finance

Cc: Mr. Jim Arnette, Director of Local Government Audit COT

Ms. Linda Mooningham, TMBF

Enclosures (2): Report of the Director of the Office of State & Local Finance, State Form CT-0253, Report on Debt Obligation.