

A RESOLUTION AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED TWO MILLION NINE HUNDRED THOUSAND DOLLARS (\$2,900,000) OF THE CITY OF ASHLAND CITY, TENNESSEE; MAKING PROVISION 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 TAXES FOR THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS.

WHEREAS, the City of Ashland City, Tennessee (the "Municipality") is duly incorporated pursuant to Chapter 121 of the 2004 Private Acts of the State of Tennessee, as amended; and

WHEREAS, pursuant to authority granted by Sections 9-21-101, et seq., Tennessee Code Annotated, as amended, the Municipality has issued its Water and Sewer Revenue and Tax Bond, Series 2005, dated November 7, 2006 (the "Outstanding Bond"), and

WHEREAS, under the provisions of Sections 9-21-101 et seq., Tennessee Code Annotated, as amended, municipalities in Tennessee are authorized through their respective governing bodies to issue and sell bonds of said municipalities to refund, redeem or make principal and interest payments on bonds or other obligations previously issued by said municipalities; and

WHEREAS, the plan of refunding for the Outstanding Bond has been submitted to the Director of State and Local Finance (the "State Director") as required by Section 9-21-903, Tennessee Code Annotated, as amended, and the State Director has submitted her report thereon to the Municipality, a copy of which is attached hereto as Exhibit A; and

WHEREAS, the Board of City Council of the Municipality has heretofore determined that it is necessary and advisable to refund the Outstanding Bond by the issuance of general obligation refunding bonds; 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 \$2,900,000 in aggregate principal amount of its general obligation refunding bonds, 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 BOARD OF CITY COUNCIL OF THE CITY OF ASHLAND CITY, TENNESSEE, AS FOLLOWS:

SECTION 1. Authority. The bonds authorized by this resolution are issued pursuant to Sections 9-21-101 et seq., Tennessee Code Annotated, as amended, and other applicable provisions of law.

SECTION 2. Definitions. The following terms shall have the following meanings in this resolution unless the text expressly or by necessary implication requires otherwise:

(a) "Bond Counsel" means Bass, Berry & Sims PLC, Nashville, Tennessee;

(b) "Bond Purchase Agreement" means a Bond Purchase Agreement, dated as of the sale of the Bonds, entered into by and between the County and the Underwriter, in the form of the document attached hereto and incorporated herein by reference as Exhibit B, subject to such changes therein as shall be permitted by Section 8 hereof;

(c) "Bonds" shall mean not to exceed \$2,900,000 in aggregate principal amount of General Obligation Refunding Bonds of the Municipality, to be dated their date of issuance and having such series designation or such other designation or dated date as the Mayor shall determine pursuant to Section 10 hereof;

(d) "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;

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

(f) "Current Expenses" means the reasonable and necessary costs of operating, maintaining, repairing and insuring the System, including the cost of salaries, wages, cost of material and supplies and insurance premiums, but shall exclude depreciation and interest expense;

(g) "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;

(h) "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;

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

(j) "Governing Body" means the City Council of the Municipality;

(k) "Gross Earnings" means all revenues, rentals, earnings and income of the System from whatever source, including all revenues derived from the operation of the System, including proceeds from the sale of property; proceeds of insurance and condemnation awards and compensation for damages, to the extent not applied to the payment of the cost of repairs, replacements and improvements; and all amounts realized from the investment of funds of the System, including money in any accounts and funds created by this resolution, and resolutions authorizing any Prior Lien Obligations and resolutions authorizing any Parity Bonds or subordinate lien bonds (excluding any investment earnings from funds created to refund any outstanding bonds of the System or deposited to a construction fund established by a resolution authorizing such bonds to the extent set forth in such resolution);

(l) "Municipality" means the City of Ashland City, Tennessee;

(m) "Net Revenues" means Gross Earnings of the System, less Current Expenses, excluding any profits or losses on the sale or other disposition, not in the ordinary course of business, or investments or fixed or capital assets;

(n) "Outstanding Bond" shall mean the Municipality's outstanding Water and Sewer Revenue and Tax Bond, Series 2005, dated November 7, 2006;

(o) "Parity Bonds" means bonds issued on a parity with the Bonds herein authorized in accordance with the restrictive provisions of Section 8 hereof;

(p) "Prior Lien Obligations" means, to the extent outstanding, the Municipality's Water and Sewer Revenue and Tax Refunding Bonds, Series 2002, dated August 15, 2002; Water and Sewer Revenue and Tax Refunding Bonds, Series 2005, dated January 1, 2005; Capital Outlay Notes (Redford Building); Capital Outlay Notes, Series 2007, the Outstanding Bond (to the extent not refunded), and, to the extent issued and outstanding on the date hereof, any other outstanding obligations of the Municipality to which it has pledged the Gross Earnings of the System;

(q) "Registration Agent" means the registration and paying agent appointed by the Mayor as registration and paying agent for the Bonds or any successor designated by the Governing Body;

(r) "System" means the complete water and sewer system of the Municipality, together with, and including all water and sewer system properties of every nature hereafter owned by the Municipality, including all improvements and extensions made by the Municipality while the Bonds remain outstanding, and including all real and personal property of every nature comprising part of or used or useful in connection with the water and sewer system, and including all appurtenances, contracts, leases, franchises and other intangibles; and

(s) "Underwriter" means Raymond James | Morgan Keegan, Nashville, Tennessee.

SECTION 3. Findings of the Governing Body; Compliance with Debt Management Policy. It is hereby found and determined by the Governing Body as follows:

(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 Governing Body hereby finds that the issuance of the Bonds authorized by this resolution is advisable because it will result in the reduction in debt service payable by the Municipality over the term of the Outstanding Bond. The Municipality's Debt Management Policy contemplates that the Municipality may issue refunding bonds for the purpose of achieving debt service savings. In the case of the Bonds authorized herein, the Governing Body finds that a savings threshold of not less than three percent (3.00%), measured by comparing the present value of the savings to the par amount of Outstanding Bond, should be met in order for the Bonds to be issued.

(c) Further, the Municipality's Debt Management Policy contemplates that the Municipality will, as a general rule, structure the term of any refunding bonds within the original term of the Outstanding Bond. The Bonds authorized herein will not extend beyond the original term of the Outstanding Bond.

(d) To ensure that the costs of the Bonds authorized herein have been fully disclosed, the Refunding Report of the State Director of Local Finance has been presented to the members of the Governing Body in connection with their consideration of this resolution and is attached hereto as Exhibit A. The estimated proposed amortization of the Bonds and estimated interest costs as well as estimated costs of issuance of the Bonds are attached hereto as Exhibit C. The foregoing estimates are subject to change pursuant to Section 10 hereof.

SECTION 4. Authorization and Terms of the Bonds. (a) For the purpose of providing funds to refund the Outstanding Bond and to pay all or a portion of the costs of issuance and sale of the Bonds, there is hereby authorized to be issued general obligation water and sewer revenue and tax refunding bonds of the Municipality in the aggregate principal amount of not to exceed \$2,900,000. The Bonds shall be issued in fully registered, book-entry form (except as otherwise provided herein), without coupons, shall be known as "General Obligation Refunding Bonds " and shall be dated their date of issuance, with such series designation and such other dated date as shall be determined by the Mayor pursuant to Section 10 hereof. Subject to adjustments permitted pursuant to Section 10 hereof, the Bonds shall bear interest per annum at a rate or rates not exceeding the maximum rate permitted by Tennessee law at the time of the issuance of the Bonds or such series thereof, payable semi-annually on June 1 and December 1 in each year, commencing June 1, 2013. Subject to adjustments permitted in Section 10 hereof, the Bonds shall be issued initially in \$5,000 denominations or integral multiples thereof, as shall be requested by the Underwriter, and subject to adjustments as permitted in Section 10 hereof, shall mature on June 1 of each year, subject to prior optional redemption as hereinafter provided, either serially or through mandatory redemption, in the years 2013 through 2037, inclusive.

(b) Subject to adjustments permitted in Section 8 hereof, Bonds maturing on or before June 1, 2022, shall mature without option of prior redemption and Bonds maturing June 1, 2023 and thereafter, shall be subject to redemption prior to maturity at the option of the Municipality on June 1, 2022 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 Governing Body. 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 Section 10 hereof, the Mayor of the Municipality 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 of the Municipality. 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 Section 10 hereof for each redemption date, as such maturity amounts may be adjusted pursuant to Section 10 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 in the manner described in subsection (b) above.

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 canceled 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 call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the Municipality not less than twenty (20) 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. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). 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. On or before the date fixed for redemption, moneys shall be deposited with the Registration Agent to pay the principal of, redemption premium, if any, and interest accrued to the redemption date on the Bonds called for redemption. In the case of a Conditional Redemption, the failure of the Municipality to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

(e) The Mayor of the Municipality is hereby authorized to appoint the Registration Agent and the Registration Agent so appointed is hereby authorized and directed 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 canceled 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 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 manual or facsimile signature of the Mayor and with the official seal, or a facsimile thereof, of the Municipality impressed or imprinted thereon and attested by the manual or facsimile signature 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. 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, the Municipality shall 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. If the purchaser of the Bonds, or any series thereof, does not intend to reoffer the Bonds to the public, then the Mayor and the purchaser may agree that the Bonds be issued in the form of fully-registered certificated Bonds and not utilize the Book-Entry System.

THE MUNICIPALITY AND THE REGISTRATION AGENT SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC 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 about 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 indemnity

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[, and] 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 any DTC 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 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 maturing [June 1, 2013 through June 1, 2022], inclusive, shall mature without option of prior redemption and Bonds maturing [June 1, 2023] and thereafter, shall be subject to redemption prior to maturity at the option of the Municipality on [June 1, 2022] 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. 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>
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*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 canceled 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 call for redemption[, whether optional or mandatory,] shall be given by the Registration Agent not less than twenty (20) 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 such 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. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). 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 if notice has been duly provided as set forth in the Resolution, as hereafter defined. In the case of a Conditional Redemption, the failure of the Municipality to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

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 for the purpose of providing funds to (a) refund the Municipality's outstanding Water and Sewer Revenue and Tax Bond, Series 2005, dated November 7, 2006; and (b) pay all or a portion of the costs of issuance and sale of the Bonds, under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 9-21-101 *et seq.*, Tennessee Code Annotated, and pursuant to a resolution (the "Resolution") duly adopted by the City Council of the Municipality on November 13, 2012.

This Bond is payable primarily from and secured by a pledge of the income and revenues to be derived from the operation of the Municipality's water and sewer system (the "System"), subject only to the payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring said System and to prior pledges of such revenues in favor of the Municipality's outstanding, to the extent outstanding, the Municipality's Water and Sewer Revenue and Tax Refunding Bonds, Series 2002, dated August 15, 2002; Water and Sewer Revenue and Tax Refunding Bonds, Series 2005, dated January 1, 2005; Capital Outlay Notes (Redford Building); Capital Outlay Notes, Series 2007, the Outstanding Bond

(to the extent not refunded), and, to the extent issued and outstanding on the date hereof, any other obligations of the Municipality to which it has pledged the revenues of the System. In the event of a deficiency in such revenues, this Bond is payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the Municipality. For the prompt payment of principal of [premium, if any,] and interest on the Bond, the full faith and credit of the Municipality are irrevocably pledged. For a more complete statement of the general covenants and provisions pursuant to which this Bond is issued, reference is hereby made to said Resolution.

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 the 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, 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 with his [manual or] [facsimile] signature and attested by its City Recorder with her [manual or] [facsimile] signature under an [impression or] facsimile of the corporate seal of the Municipality, all as of the date hereinabove set forth.

CITY OF ASHLAND CITY

BY: _____
Mayor

(SEAL)

ATTESTED:

City Recorder

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 Representative

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto _____, whose address is _____ (Please insert Social Security or Federal Tax Identification Number _____) the within Bond of the City of Ashland City, 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.

[End of Bond Form]

SECTION 7. Pledge of Net Revenues and Levy of Tax. For the prompt payment of the principal of, premium, if any, and interest on the Bonds, there is hereby pledged for such payment the Net Revenues derived from the operation of the System, subject to prior pledges of such Net Revenues in favor of the Prior Lien Obligations, in amounts not exceeding the amounts required to make such payments as they come due. In the event of a deficiency in such Net Revenues for the purposes herein provided, the Municipality, through its Governing Body, shall annually levy and collect a tax upon all taxable property within the corporate limits of 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 of, premium, if any, and interest coming due on the Bonds in said year; provided, however, that the tax so levied in any year may be proportionately reduced by the amount of money actually on hand from the Net Revenues of the System and available for the payment of such principal, premium, if any, and interest. Principal, premium, if any, 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 appropriations from other funds, taxes and revenues of the Municipality to the payment of debt service on the Bonds.

SECTION 8. Equality of Lien; Prohibition of Prior Lien; Parity Bonds. The punctual payment of principal of, premium, if any, and interest on the Bonds shall be secured equally and ratably by the Net Revenues of the System without priority by reason of number or time of sale or execution or delivery, and, subject to the payment of reasonable and necessary costs of operating, maintaining, repairing and insuring the System and the payment of Prior Lien Obligations, the Net Revenues of the System are hereby irrevocably pledged to the punctual payment of such principal, premium, if any, and interest as the same become due.

Except as hereinafter provided, the Municipality will issue no other bonds or obligations of any kind or nature payable from or enjoying a lien on the Gross Earnings of the System on a parity with or having priority over the Bonds.

Additional bonds may hereafter be issued on a parity with the Bonds under the following conditions but not otherwise:

(a) Additional bonds may be issued on a parity with the Bonds without regard to the requirements of subsection (b) of this Section if such bonds shall be issued for the purpose of refunding any of the Bonds or Parity Bonds which shall have matured or which shall mature not later than three months after the date of delivery of such refunding bonds.

(b) Additional bonds, notes or other obligations may be issued on a parity with the Bonds if all of the following conditions are met:

(i) The Net Revenues of the System for any twelve (12) consecutive months during the eighteen (18) months immediately preceding the issuance of the additional bonds, notes or other obligations must have been equal to 1.20 times the maximum annual interest and principal requirements for any succeeding fiscal year on all bonds, notes or other obligations then outstanding payable from the Gross Earnings of the System (but excluding any bonds, notes or other obligations to be refunded from the proceeds of such bonds, notes or other obligations proposed to be issued) and the bonds, notes or other obligations so proposed to be issued; provided, however, that if prior to the authorization of such additional bonds, notes or other obligations the Municipality shall have adopted and put into effect a revised schedule of rates for the System or expanded the System (or will expand the System in connection with the issuance of the additional bonds, notes or other obligations) so that its capacity is increased, then the Net Revenues for the twelve (12) months of the eighteen (18) months immediately preceding the issuance of such additional bonds, notes or other obligations, as certified by an independent engineer or engineering firm with a favorable reputation for skill and experience in the design and operation of water and sewer systems or a nationally recognized firm of financial feasibility consultants having a favorable reputation for skill and experience in the financial feasibility of water and sewer systems, which would have resulted from such rates had they been in effect for such period or would have resulted from such additional capacity, may be used in lieu of the actual Net Revenues for such period;

(ii) No default in the payment of principal of and interest on the Bonds and any parity bonds shall have occurred; and

(iii) The proceeds of the additional bonds, notes or other obligations must be used solely for the making of improvements, extensions, renewals or replacements to the

System, or to refund Bonds, any Parity Bonds, notes or other obligations or subordinate lien bonds or notes payable from the Net Revenues of the System.

SECTION 9. Charges for Services Supplied by the System. While the Bonds and any Parity Bonds remain outstanding and unpaid, the Municipality covenants and agrees that it will permit no free service to be furnished to any consumer or user whatsoever, and the charges for all services supplied through the medium of the System to the Municipality and its residents and to all consumers shall be reasonable and just, taking into account and consideration the cost and value of the System and the cost of maintaining, operating, repairing, and insuring the System, and the proper and necessary allowances for the depreciation thereof, and the amounts necessary for the payment of principal of, premium, if any, and interest on all bonds and other obligations payable from such Net Revenues, and there shall be charged against all users of the services of the System such rates and amounts as shall be fully adequate to meet the debt service requirements of the Bonds.

SECTION 10. Sale of Bonds. (a) The Bonds shall be sold at negotiated sale to the Underwriter, at a price of not less than 98% of par, exclusive of original issue discount, plus accrued interest, as shall be determined by the Mayor. The Mayor is authorized to execute and the City Recorder to attest the Bond Purchase Agreement with the Underwriter, providing the details of the terms of the sale. The sale of the Bonds to the Underwriter shall be binding on the Municipality, and no further action of the Governing Body with respect thereto shall be required. If the Underwriter does not intend to reoffer the Bonds to the public, then the Bond Purchase Agreement shall be conformed to reflect such intention.

(b) The Mayor, upon consultation with the Underwriter, is further authorized with respect to the Bonds to:

(1) to adjust the dated date of the Bonds, to a date other than the date of issuance;

(2) to designate the Bonds to a designation other than "General Obligation Refunding Bonds";

(3) in order to facilitate the sale of the Bonds in a manner that is in the best interest of the Municipality and results in the greatest cost savings for the Municipality, to cause to be sold less than the principal amount authorized herein and to refund any portion of the Outstanding Bond;

(4) to adjust the principal and interest payment dates and maturity amounts of the Bonds, provided (i) the total principal amount of the Bonds does not exceed the total amount of Bonds authorized herein, (ii) the first maturity date of the Bonds thereof does not exceed one (1) year from the dated date of the Bonds, and (ii) the final maturity date of Bonds does not occur more than one year after the final maturity of the Outstanding Bond;

(5) to adjust the Municipality's optional redemption provisions of the Bonds, provided the redemption premium, if any, shall not exceed two percent (2%) of the par amount of the Bonds called for redemption or to designate the Bonds, as non-callable Bonds; and

(6) to sell the Bonds 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.

(c) The Mayor and the City Recorder, or either of them, are authorized to cause the Bonds to be authenticated and delivered by the Registration Agent to the Underwriter and to execute, publish, and

deliver all certificates and documents, including an official statement, the Bond Purchase Agreement and closing certificates, as they shall deem necessary in connection with the sale and delivery of the Bonds.

(d) The Mayor and the City Recorder, or either of them, are authorized to enter into an agreement with the Registration Agent for providing paying agent services.

(e) The Mayor is hereby authorized to enter into an engagement letter with Bond Counsel to serve as bond counsel in connection with the Bonds in substantially the form as set forth in Exhibit D, attached hereto.

SECTION 11. Disposition of Bond Proceeds. The proceeds of the sale of the Bonds shall be disbursed as follows:

(a) accrued interest, if any, shall be deposited to the appropriate fund of the Municipality to be used to pay interest on the Bonds on the first interest payment date following delivery of the Bonds;

(b) an amount which, together with investment earnings thereon and legally available funds of the Municipality, if any, will be sufficient to pay principal of and interest on the Outstanding Bond, shall be paid to the holder of the Outstanding Bond on the issuance date of the Bonds or on the first practicable date thereafter; and

(c) the remainder of the proceeds of the sale of the Bonds used to pay all or a portion of the costs associated with the issuance of the Bonds and, if not needed for such purpose, will be used to pay interest on the Bonds on the first interest payment date following delivery of the Bonds.

SECTION 12. Official Statement. The Mayor and the City Recorder, or either of them, are hereby authorized and directed to provide for the preparation and distribution, electronic or otherwise, of a Preliminary Official Statement describing the Bonds. After the Bonds have been sold, the Mayor and the City Recorder, or any of them, 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 Mayor and the City Recorder, or either of them, shall arrange for the delivery of a reasonable number of copies of the Official Statement, within seven business days after the Bonds have been sold, to each potential investor requesting a copy of the Official Statement.

The Mayor and the City Recorder, or either 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 Underwriter certifies that it intends to hold the Bonds for its own account and has no present intention to reoffer the Bonds.

SECTION 13. Notices of Redemption. The Mayor and the City Recorder, or either of them, are hereby authorized and directed to take all steps necessary to redeem the Outstanding Bond at its earliest possible redemption date, including the giving of and publication of any redemption notice as required by the resolution authorizing the issuance of the Outstanding Bond in a form satisfactory to Bond Counsel.

SECTION 14. Federal Tax Matters Related to the Bonds. The Municipality recognizes that the purchasers and holders of the Bonds will have accepted them on, and paid therefor a price that reflects, the understanding that interest thereon is excluded from gross income for purposes of federal income taxation under laws in force on the date of delivery of the Bonds. Accordingly, the Municipality agrees that it shall take no action that may render the interest on any of said Bonds subject to federal income taxation. It is the reasonable expectation of the Governing Body that the proceeds of the Bonds will not be used in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Internal Revenue Code of 1986, as amended (the "Code"), including any lawful regulations promulgated or proposed thereunder, and to this end the said proceeds of the Bonds and other related funds established for the purposes herein set out, shall be used and spent expeditiously for the purposes described herein. The Governing Body further covenants and represents that in the event it shall be required by Section 148(f) of the Code to pay any investment proceeds of the Bonds to the United States government, it will make such payments as and when required by said Section and will take such other actions as shall be necessary or permitted to prevent the interest on the Bonds from becoming subject to inclusion in the gross income for purposes of federal income taxation. The Mayor and the City Recorder, or either of them, are authorized and directed to make such certifications in this regard in connection with the sale of the Bonds as any or all shall deem appropriate, and such certifications shall constitute a representation and certification of the Municipality. Following the issuance of the Bonds, the City Recorder is directed to administer the Municipality's Federal Tax Compliance Policies and Procedures with respect to the Bonds.

SECTION 15. Discharge and Satisfaction of Bonds. If the Municipality shall pay and discharge the indebtedness evidenced by any of the Bonds in any one or more of the following ways, to wit:

(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 Federal 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 Federal Obligations deposited as aforesaid.

Except as otherwise provided in this Section, neither Federal Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Federal Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, premium, if any, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Federal 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 Federal Obligations maturing at times and in amounts sufficient to pay when due the principal, premium, if any, 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, Federal Obligations shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, obligations of any agency or instrumentality of the United States or any other 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 16. Qualified Tax-Exempt Obligations. The Governing Body hereby designates any series of the Bonds as "qualified tax-exempt obligations," within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended, if and to the extent the Bonds may be so designated and to the extent not "deemed designated".

SECTION 17. Continuing Disclosure. The Municipality hereby covenants and agrees that it will provide annual financial information and event notices if and as required by Rule 15c2-12 of the Securities Exchange Commission for the Bonds. The Mayor and the City Recorder, or either of them, are 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 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 its undertaking as set forth herein and in said agreement, including the remedies of mandamus and specific performance.

SECTION 18. 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 19. 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 20. 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.

Adopted and approved this 13th day of November, 2012.

MAYOR

ATTEST:

CITY RECORDER

STATE OF TENNESSEE)

COUNTY OF CHEATHAM)

I, Phyllis Schaeffer, certify that I am the duly qualified and acting City Recorder of the City of Ashland City, Tennessee, and as such official I further certify that attached hereto is a copy of excerpts from the minutes of a regular meeting of the City Council of the Municipality held on November 13, 2012, 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 General Obligation Refunding Bonds of said Municipality.

WITNESS my official signature and seal of said Municipality this _____ day of _____, 2012.

City Recorder

(SEAL)

EXHIBIT A

REPORT ON PLAN OF REFUNDING

EXHIBIT B

FORM OF BOND PURCHASE AGREEMENT

[FORM OF BOND PURCHASE AGREEMENT]

ASHLAND CITY, TENNESSEE
\$ _____ GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012

BOND PURCHASE AGREEMENT

_____, 2012

City Council
City of Ashland City
Ashland City, Tennessee

Ladies and Gentlemen:

The undersigned, Raymond James | Morgan Keegan, Nashville, Tennessee (the "Underwriter"), offers to enter into the following agreement with the City of Ashland City, Tennessee (the "Issuer"), which, upon the Issuer's acceptance and approval hereof, will be binding upon the Issuer and upon the Underwriter. This offer is made subject to acceptance by the Issuer, by execution of this Bond Purchase Agreement (the "Purchase Agreement") and its delivery to the Underwriter, on or before 11:59 p.m., central time, on _____, 2012.

Capitalized terms used herein and not defined herein shall have the meanings given them in the Resolution (as hereinafter defined).

1. Purchase and Sale of the Bonds.

(a) Upon the basis of the representations, warranties, covenants and agreements herein contained, but subject to the terms and conditions herein set forth, the Underwriter hereby agrees to purchase from the Issuer for offering to the public, and the Issuer hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of the Issuer's \$ _____ General Obligation Refunding Bonds, Series 2012 (the "Bonds"), dated _____, 2012 in book-entry only form, at the purchase price of \$ _____, representing the face amount of the Bonds, [plus original issue premium] [less original issue discount] of \$ _____, less Underwriter's discount of \$ _____. The Bonds shall bear interest, shall mature, shall be redeemable and shall otherwise be as described in Exhibit A attached hereto and incorporated herein by reference.

(b) The Bonds shall be issued and secured under the provisions of a resolution, adopted on November 6, 2012 (the "Resolution") by the City Council of the Issuer (the "Governing Body"), providing for the issuance of the Bonds pursuant to Sections 9-21-101 et seq., Tennessee Code Annotated, as amended and other applicable provisions of law, for the purpose of refunding the Issuer's outstanding Water and Sewer Revenue and Tax Bond, Series 2005, dated November 7, 2006 (the "Outstanding Bond ") and paying costs associated with the sale and issuance of the Bonds.

(c) After acceptance of this offer by the Issuer, the Underwriter agrees to make a bona fide public offering of all the Bonds at prices not in excess of the initial public offering prices (which may be expressed in terms of yield) set forth on the cover page of the Official Statement, dated the date hereof (the "Official Statement"). The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts) at prices lower

than such initial public offering prices in the sole discretion of the Underwriter. Subsequent to such initial public offering, the Underwriter reserves the right to change the public offering prices as it may deem necessary in connection with the marketing of the Bonds.

(d) At the time of the Issuer's acceptance hereof (or as soon as reasonably practicable thereafter, but no later than the Closing (as hereinafter defined)), the Issuer shall have delivered, or caused to be delivered, to the Underwriter: (i) a certified copy of the Resolution; and (ii) a copy of the Official Statement, manually signed on behalf of the Issuer by the Mayor and the City Recorder.

(e) The Issuer authorizes the Underwriter to use copies of the Official Statement and the information contained therein in connection with the public offering and sale of the Bonds and agrees not to supplement or amend, or cause to be supplemented or amended, the Official Statement, at any time prior to the Closing, without the consent of the Underwriter. The Issuer ratifies and confirms the use by the Underwriter, prior to the date hereof in connection with the public offering of the Bonds, of the Preliminary Official Statement of the Issuer relating to the Bonds, dated _____, 2012, which with any and all appendices, exhibits, maps, reports and summaries included therein is hereinafter called the "Preliminary Official Statement".

(f) As of its date, the Preliminary Official Statement has been "deemed final" (except for permitted omissions) by the Issuer for purposes of Rule 15c2-12(b)(1) of the Securities and Exchange Commission. The Issuer will deliver, or cause to be delivered, to the Underwriter, promptly after the acceptance hereof, but in any event within seven (7) days of the date hereof, copies of the Official Statement, sufficient to enable the Underwriter to comply with the requirements of Rule 15c2-12 of the Securities Exchange Commission (and the related rules of the Municipal Securities Rulemaking Board).

2. Liquidated Damages. If the Issuer accepts this offer and if the Underwriter fails (other than for a reason permitted hereunder) to accept and pay for the Bonds upon tender thereof by the Issuer at the Closing as herein provided, the parties hereby agree that the damages to the Issuer shall be fixed at one percent (1%) of the aggregate principal amount of the Bonds and, upon such failure of the Underwriter to accept and pay for the Bonds, the Underwriter shall be obligated to pay to the Issuer such amount as and for full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriter. Upon such payment the Underwriter shall be fully released and discharged of all claims, rights and damages for such failure and for any and all such defaults. In no event shall the Issuer be entitled to damages of any nature other than the liquidated damages herein specified.

3. Closing. At 10:30 a.m., Central Time, on _____, 2012, or at such other time or date as shall be agreed to by the Issuer and the Underwriter, the Issuer will deliver, or cause to be delivered, to the Underwriter, or such agent as it shall designate, the Bonds, in definitive form, duly executed on the Issuer's behalf, together with the other documents hereinafter mentioned, and the Underwriter will accept, or cause to be accepted, such delivery and pay to the Issuer the purchase price of the Bonds in the amount set forth in Section 1 hereof by wire transfer payable in immediately available funds or such other medium of payment as shall be acceptable to the Issuer. Payment for the Bonds as aforesaid shall be made at such place designated by the Issuer and delivery of the Bonds shall be made through Depository Trust Company, New York, New York, or at such other location mutually acceptable to the parties. Such payment and delivery is herein called the "Closing" and the date of the Closing is herein called the "Closing Date." The Bonds shall be delivered as fully registered Bonds, book-entry only form, in denominations of \$5,000 each or any integral multiple thereof as the Underwriter shall request, shall bear CUSIP numbers, shall be registered in such names and in such denominations as shall be designated in writing by the Underwriter to the Issuer or to _____, as the registration and

paying agent for the Bonds (the "Registration Agent"), and shall be duly authenticated by the Registration Agent. The Underwriter hereby instructs that the Bonds be delivered at Closing through The Depository Trust Company's "FAST Program".

4. Conditions of Closing. The obligations of the Underwriter hereunder shall be subject to the performance by the Issuer of its obligations to be performed hereunder at or prior to the Closing, to the accuracy of and compliance with the representations, warranties and covenants of the Issuer herein, in each case as of the time of delivery of this Purchase Agreement and as of the Closing, and, in the discretion of the Underwriter, to the following:

(a) at the Closing, (i) the Resolution shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and the Issuer shall have executed and there shall be in full force and effect such additional agreements, and there shall have been taken in connection therewith and in connection with the issuance of the Bonds all such action as shall, in the opinion of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel ("Bond Counsel"), be necessary in connection with the transactions contemplated hereby, (ii) the Bonds shall have been duly authorized, executed and delivered as provided herein, (iii) the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and (iv) the Issuer shall perform or have performed all of its obligations under or specified in this Bond Purchase Agreement to be performed at or prior to the Closing;

(b) At or prior to the Closing Date, the Underwriter shall have received the following:

(i) The unqualified approving opinion, dated the Closing Date, of Bond Counsel, in substantially the form attached as an Appendix to the Official Statement, addressed to the Issuer and the Underwriter;

(ii) A certificate, dated the Closing Date, signed by the Mayor and City Recorder of the Issuer, in which such officers, to the best of their knowledge, information and belief, shall state that

(A) There is no litigation or other legal or governmental action, proceeding, inquiry or investigation of any nature pending on the Closing Date, or to our knowledge threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, application of the proceeds thereof, or the payment, collection or application of income of the Issuer or the pledge thereof to the payment of the Bonds pursuant to the Resolution; seeking to restrain or enjoin the execution, delivery or performance of the Purchase Agreement; in any manner questioning the proceedings or authority pursuant to which the Bonds are authorized or issued; in any manner questioning or relating to the validity of the Bonds, the Resolution or the Purchase Agreement; contesting in any way the completeness or accuracy of the Official Statement; in any way contesting the corporate existence or boundaries of the Issuer or the title of its present officers to their respective offices; or contesting the powers of the Issuer or its authority with respect to the Bonds, the Resolution, the Purchase Agreement or the Official Statement, or any act to be done or documents or certificates to be executed or delivered in connection with any of them.

(B) The Resolution is, as of the Closing Date, in full force and effect and has not been amended, modified or supplemented, except as provided herein.

(C) The execution and delivery of the Purchase Agreement and the Bonds, the adoption of the Resolution, and the compliance by the Issuer with the terms and provisions thereof, will not conflict with, or result in any violation of any provision of the order of incorporation of the Issuer or similar incorporating or governing documents of the Issuer or of any amendments to any of the foregoing or any indenture, mortgage, deed of trust or other agreement or instrument to which the Issuer is a party or by which it or its properties are bound and will not violate any decree, order, injunction, judgment, determination or award to which the Issuer or its properties are subject.

(D) The Issuer has complied with all the requirements and satisfied all the conditions on its part to be performed or satisfied at or prior to the delivery of the Bonds.

(E) The descriptions and statements contained in the Official Statement were at the time of its publication and distribution, and are on the Closing Date, true and correct in all material respects, and the Official Statement did not at the time of its publication and distribution, and does not on the Closing Date, contain an untrue statement of a material fact or omit to state a material fact required to be stated where necessary to make the statements made, in light of the circumstances under which they are made, not misleading.

(F) Subsequent to June 30, 20___, there has been no material adverse change in the financial position or results of operations of the Issuer except as set forth in or contemplated by the Official Statement;

(iii) Evidence satisfactory in form and substance to the Underwriter that the credit rating assigned to the Bonds by _____ is as set forth on the cover page of the Official Statement; and

(iv) An opinion of counsel to the Issuer in form and substance satisfactory to Bond Counsel; and

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriter contained in this Purchase Agreement, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriter nor the Issuer shall be under any further obligation hereunder, except as provided in Section 2 hereof.

5. Termination of Agreement. The Underwriter may terminate this Purchase Agreement, without liability therefor, by notification to the Issuer, if at any time subsequent to the date of this Purchase Agreement and at or prior to the Closing:

(a) legislation shall be enacted by the Congress of the United States or a bill introduced (by amendment or otherwise) or favorably reported by a committee of the House of Representatives or the Senate of the Congress of the United States, or a decision by a court of the United States or the Tax Court of the United States shall be rendered, or a ruling, regulation or fiscal action shall be issued or proposed by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency with respect to or having the purpose or effect of including within gross income for federal income tax purposes interest received on bonds of the general character of the Bonds, which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds to be purchased by it; or

(b) any legislation, rule or regulation shall be introduced in, or be enacted by the General Assembly or any department or agency in the State of Tennessee, or a decision by any court of competent jurisdiction within the State of Tennessee shall be rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds to be purchased by it; or

(c) any amendment to the Official Statement is proposed by the Issuer or deemed necessary by Bond Counsel pursuant to Section 4(e) hereof which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds to be purchased by it; or

(d) any fact shall exist or any event shall have occurred which, in the reasonable opinion of the Underwriter, makes the Official Statement, in the form as originally approved by the Issuer, contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading; or

(e) there shall have occurred any outbreak or escalation of hostilities or any national or international calamity or crisis, financial or otherwise, including a general suspension of trading on any national securities exchange, which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds to be purchased by it; or

(f) legislation shall be enacted or any action shall be taken by, or on behalf of, the Securities and Exchange Commission which, in the reasonable opinion of the Underwriter, has the effect of requiring the contemplated distribution of the Bonds to be registered under the Securities Act of 1933, as amended, or the Resolution to be qualified under the Trust Indenture Act of 1939, as amended, or any laws analogous thereto relating to governmental bodies, and compliance therewith cannot be accomplished prior to the Closing; or

(g) a general banking moratorium shall have been declared by United States, New York or Tennessee authorities, which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds to be purchased by it; or

(h) any national securities exchange, or any governmental authority, shall impose, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter; or

(i) the ratings of the Bonds shall have been downgraded from the ratings set forth on the cover page of the Official Statement by _____ or withdrawn by such rating service, which, in the Underwriter's reasonable opinion, materially adversely affects the market for the Bonds or the sale, at the contemplated offering prices, by the Underwriter of the Bonds to be purchased by them; or trading in any securities of the Issuer shall have been suspended on any national securities exchange; or any proceeding shall be pending or threatened by the Securities and Exchange Commission against the Issuer.

6. Expenses.

(a) Other than the expenses identified in Section 5(b), the Issuer agrees to pay all expenses incident to the issuance and sale of the Bonds, including but not limited to the cost of insuring the Bonds.

(b) The Underwriter shall pay the cost of delivering the Bonds from the place of Closing to the purchasers and all expenses of the Underwriter incurred in connection with the preparation, sale and closing of the Bonds.

(c) In the event that either the Issuer or the Underwriter shall have paid obligations of the other as set forth in this Section, adjustment shall be made.

7. Miscellaneous.

(a) All notices, demands and formal actions hereunder shall be in writing and mailed, telegraphed or delivered to:

The Underwriter: Raymond James | Morgan Keegan, Nashville, Tennessee.
One Burton Hills Blvd., Suite 225
Nashville, Tennessee 37215-6299

The Issuer: City of Ashland City, Tennessee
101 Court Street, City Hall
Ashland City, Tennessee 37015
Attn: Mayor

(b) This Purchase Agreement will inure to the benefit of and be binding upon the parties and their successors and assigns, and will not confer any rights upon any other person. The terms "successors" and "assigns" shall not include any purchaser of any of the Bonds from the Underwriter merely because of such purchase.

(c) Section headings have been inserted in this Purchase Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Purchase Agreement and will not be used in the interpretation of any provisions of this Purchase Agreement.

(d) If any provision of this Purchase Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any constitution, statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Purchase Agreement invalid, in operative or unenforceable to any extent whatever.

(e) This Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

(f) This Purchase Agreement shall be governed by, and construed in accordance with, the law of the State of Tennessee.

(g) This Purchase Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof.

(h) The Underwriter may waive compliance by the Issuer with any of the conditions, requirements, covenants, warranties or representations set forth herein, but waiver by the Underwriter of any such compliance shall not be deemed a waiver of compliance with any other of the conditions, requirements, covenants, warranties or representations set forth herein.

Signatures on Following Page

RAYMOND JAMES | MORGAN KEEGAN

By: _____

Title: _____

Accepted as of the date first
above written:

CITY OF ASHLAND CITY, TENNESSEE

By: _____
Mayor

Attest:

City Recorder

(SEAL)

EXHIBIT A
\$ _____ GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012

The Bonds shall mature on June 1 in the years, in the aggregate principal amounts and shall bear interest payable on June 1 and December 1 of each year, commencing [June 1, 2013], as follows:

<u>YEAR</u>	<u>AMOUNT</u>	<u>RATE</u>
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[Optional Redemption:]

[Mandatory Redemption:]

EXHIBIT C

ESTIMATED AMORTIZATION AND ESTIMATED COSTS OF ISSUANCE

Estimated Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
12/01/2012	-	-	-	-
06/01/2013	55,000.00	1.000%	37,038.44	92,038.44
12/01/2013	-	-	36,156.25	36,156.25
06/01/2014	85,000.00	1.000%	36,156.25	121,156.25
12/01/2014	-	-	35,731.25	35,731.25
06/01/2015	85,000.00	2.000%	35,731.25	120,731.25
12/01/2015	-	-	34,881.25	34,881.25
06/01/2016	90,000.00	2.000%	34,881.25	124,881.25
12/01/2016	-	-	33,981.25	33,981.25
06/01/2017	90,000.00	2.000%	33,981.25	123,981.25
12/01/2017	-	-	33,081.25	33,081.25
06/01/2018	95,000.00	2.000%	33,081.25	128,081.25
12/01/2018	-	-	32,131.25	32,131.25
06/01/2019	95,000.00	2.000%	32,131.25	127,131.25
12/01/2019	-	-	31,181.25	31,181.25
06/01/2020	95,000.00	2.000%	31,181.25	126,181.25
12/01/2020	-	-	30,231.25	30,231.25
06/01/2021	100,000.00	2.250%	30,231.25	130,231.25
12/01/2021	-	-	29,106.25	29,106.25
06/01/2022	100,000.00	2.250%	29,106.25	129,106.25
12/01/2022	-	-	27,981.25	27,981.25
06/01/2023	105,000.00	2.500%	27,981.25	132,981.25
12/01/2023	-	-	26,668.75	26,668.75
06/01/2024	105,000.00	2.750%	26,668.75	131,668.75
12/01/2024	-	-	25,225.00	25,225.00
06/01/2025	110,000.00	2.750%	25,225.00	135,225.00
12/01/2025	-	-	23,712.50	23,712.50
06/01/2026	110,000.00	2.750%	23,712.50	133,712.50
12/01/2026	-	-	22,200.00	22,200.00
06/01/2027	115,000.00	2.750%	22,200.00	137,200.00
12/01/2027	-	-	20,618.75	20,618.75
06/01/2028	115,000.00	2.750%	20,618.75	135,618.75
12/01/2028	-	-	19,037.50	19,037.50
06/01/2029	120,000.00	2.750%	19,037.50	139,037.50
12/01/2029	-	-	17,387.50	17,387.50
06/01/2030	125,000.00	3.000%	17,387.50	142,387.50
12/01/2030	-	-	15,512.50	15,512.50
06/01/2031	130,000.00	3.000%	15,512.50	145,512.50
12/01/2031	-	-	13,562.50	13,562.50
06/01/2032	130,000.00	3.000%	13,562.50	143,562.50
12/01/2032	-	-	11,612.50	11,612.50
06/01/2033	135,000.00	3.000%	11,612.50	146,612.50
12/01/2033	-	-	9,587.50	9,587.50
06/01/2034	140,000.00	3.250%	9,587.50	149,587.50
12/01/2034	-	-	7,312.50	7,312.50
06/01/2035	145,000.00	3.250%	7,312.50	152,312.50
12/01/2035	-	-	4,956.25	4,956.25
06/01/2036	150,000.00	3.250%	4,956.25	154,956.25
12/01/2036	-	-	2,518.75	2,518.75
06/01/2037	155,000.00	3.250%	2,518.75	157,518.75
Total	\$2,780,000.00	-	\$1,125,788.44	\$3,905,788.44

Estimated Sources and Uses

Sources Of Funds	
Par Amount of Bonds.....	\$2,780,000.00
Reoffering Premium.....	77,030.40
Total Sources.....	\$2,857,030.40
Uses Of Funds	
Deposit to Current Refunding Fund.....	2,788,490.37
Total Underwriter's Discount	32,500.00
Costs of Issuance.....	26,750.00
Rounding Amount.....	9,290.03
Total Uses.....	\$2,857,030.40

Estimated Costs of Issuance

Bond Counsel.....	\$7,000.00
Underwriter's Counsel (Subject to Confirmation).....	\$2,500.00
Registration / Paying Agent.....	\$500.00
Moody's fee.....	\$9,500.00
POS/Official Statement, Printing and Dist.....	\$6,500.00
Other - CUSIP, Misc.....	\$750.00
TOTAL.....	\$26,750.00

EXHIBIT D

PROPOSED FORM OF
ENGAGEMENT LETTER OF BOND COUNSEL

Proposed Form of Engagement Letter of Bond Counsel

_____, 2012

City Council
City of Ashland City, Tennessee
Attn: The Honorable Rick Johnson, Mayor
101 Court Street, City Hall
Ashland City, Tennessee 37015

Re: Issuance of General Obligation Refunding Bonds (the "Bonds")

Dear Mayor Johnson:

The purpose of this engagement letter is to set forth certain matters concerning the services we will perform as bond counsel to the City of Ashland City, Tennessee (the "Issuer"), in connection with the issuance of the above-referenced bonds (the "Bonds"). We understand that the Bonds are being issued for the purpose of providing funds for (a) refunding the Issuer's outstanding Water and Sewer Revenue and Tax Bond, Series 2005, dated November 7, 2006. We further understand that the Bonds will be sold at a negotiated sale to Raymond James | Morgan Keegan, Nashville, Tennessee.

SCOPE OF ENGAGEMENT

In this engagement, we expect to perform the following duties:

1. Subject to the completion of proceedings to our satisfaction, render our legal opinion (the Bond Opinion) regarding the validity and binding effect of the Bonds, the source of payment and security for the Bonds, and the excludability of interest on the Bonds from gross income for federal income tax purposes.
2. Prepare and review documents necessary or appropriate for the authorization, issuance and delivery of the Bonds, coordinate the authorization and execution of such documents, and review enabling legislation.
3. Assist the Issuer in seeking from other governmental authorities such approvals, permissions and exemptions as we determine are necessary or appropriate in connection with the authorization, issuance, and delivery of the Bonds, except that we will not be responsible for any required blue-sky filings.
4. Review legal issues relating to the structure of the Bond issues.
5. Prepare election proceedings or pursue validation proceedings, if any.
6. Draft those sections of the official statement disseminated in connection with the sale of the Bonds, describing the Bond Opinion, the terms of and security for the Bonds, and the treatment of the Bonds and interest thereon under state and federal tax law.

7. Assist the Issuer in presenting information to bond rating organizations and providers of credit enhancement relating to legal issues affecting the issuance of the Bonds.
8. Draft the continuing disclosure undertaking of the Issuer.

Our Bond Opinion will be addressed to the Issuer and will be delivered by us on the date the Bonds are exchanged for their purchase price (the "Closing").

The Bond Opinion will be based on facts and law existing as of its date. In rendering our Bond Opinion, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished to us without undertaking to verify the same by independent investigation, and we will assume continuing compliance by the Issuer with applicable laws relating to the Bonds. During the course of this engagement, we will rely on you to provide us with complete and timely information on all developments pertaining to any aspect of the Bonds and their security. We understand that you will direct members of your staff and other employees of the Issuer to cooperate with us in this regard.

Our duties in this engagement are limited to those expressly set forth above. Among other things, our duties do not include:

- a. Except as described in paragraph (6) above,
 - 1) Assisting in the preparation or review of an official statement or any other disclosure document with respect to the Bonds, or
 - 2) Performing an independent investigation to determine the accuracy, completeness or sufficiency of any such document, or
 - 3) Rendering advice that the official statement or other disclosure documents
 - a) Do not contain any untrue statement of a material fact or
 - b) Do not omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.
- b. Preparing requests for tax rulings from the Internal Revenue Service, or no action letters from the Securities and Exchange Commission.
- c. Preparing blue sky or investment surveys with respect to the Bonds.
- d. Drafting state constitutional or legislative amendments.
- e. Pursuing test cases or other litigation, (such as contested validation proceedings) except as set forth above.
- f. Making an investigation or expressing any view as to the creditworthiness of the Issuer or the Bonds.
- g. Except as described in paragraph 8 above, assisting in the preparation of, or opining on, a continuing disclosure undertaking pertaining to the Bonds or, after

Closing, providing advice concerning any actions necessary to assure compliance with any continuing disclosure undertaking.

- h. Representing the Issuer in Internal Revenue Service examinations or inquiries, or Securities and Exchange Commission investigations.
- i. After Closing, providing continuing advice to the Issuer or any other party concerning any actions necessary to assure that interest paid on the Bonds will continue to be excludable from gross income for federal income tax purposes (e.g., our engagement does not include rebate calculations for the Bonds).
- j. Addressing any other matter not specifically set forth above that is not required to render our Bond Opinion.

ATTORNEY-CLIENT RELATIONSHIP

Upon execution of this engagement letter, the Issuer will be our client and an attorney-client relationship will exist between us. We assume that all other parties will retain such counsel as they deem necessary and appropriate to represent their interests in this transaction. We further assume that all other parties understand that in this transaction we represent only the Issuer, we are not counsel to any other party, and we are not acting as an intermediary among the parties. Our services as bond counsel are limited to those contracted for in this letter; the Issuer's execution of this engagement letter will constitute an acknowledgment of those limitations. Our representation of the Issuer will not affect, however, our responsibility to render an objective Bond Opinion. Please note that, in our representation of the Issuer, we will not act as a "municipal advisor", as such term is defined in the Securities Exchange Act of 1934, as amended.

Our representation of the Issuer and the attorney-client relationship created by this engagement letter will be concluded upon issuance of the Bonds. Nevertheless, subsequent to Closing, we will mail the appropriate Internal Revenue Service Forms 8038-G, and prepare and distribute to the participants in the transaction a transcript of the proceedings pertaining to the Bonds.

As you are aware, our firm represents many political subdivisions, companies and individuals. It is possible that during the time that we are representing the Issuer, one or more of our present or future clients will have transactions with the Issuer. It is also possible that we may be asked to represent, in an unrelated matter, one or more of the entities involved in the issuance of the Bonds. We do not believe such representation, if it occurs, will adversely affect our ability to represent you as provided in this letter, either because such matters will be sufficiently different from the issuance of the Bonds as to make such representations not adverse to our representation of you, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of the issuance of the Bonds.

We presently represent Morgan Keegan & Company, Inc. on matters which are unrelated to our representation of the Issuer as its bond counsel.

FEES

Based upon: (i) our current understanding of the terms, structure, size and schedule of the financing represented by the Bonds in an aggregate principal amount of approximately \$2,900,000; (ii) the duties we will undertake pursuant to this engagement letter; (iii) the time we anticipate devoting to the financings; and (iv) the responsibilities we will assume in connection therewith, our fee is estimated to be

\$7,000. The fees quoted above include all out-of-pocket expenses advanced for your benefit, such as travel costs, photocopying, deliveries, long distance telephone charges, telecopier charges, filing fees, computer-assisted research and other expenses.

If, for any reason, the financing represented by the Bonds as described in the paragraph above is completed without the delivery of our Bond Opinion as bond counsel or our services are otherwise terminated, we will expect to be compensated at our normal rates for the time actually spent on your behalf plus client charges as described above unless we have failed to meet our responsibilities under this engagement, but in no event will the amount we are paid exceed \$7,000.

RECORDS

At your request, papers and property furnished by you will be returned promptly upon receipt of payment for outstanding fees and client charges. All goods, documents, records, and other work product and property produced during the performance of this Contract are deemed to be Issuer's property. Our own files, including lawyer work product, pertaining to the transaction will be retained by us for a period of three (3) years and be subject to inspection by Issuer upon reasonable notice.

OTHER MATTERS

We have not retained any persons to solicit or secure this engagement from the Issuer upon an agreement or understanding for a contingent commission, percentage, or brokerage fee. We have not offered any employee of the Issuer a gratuity or an offer of employment in connection with this engagement and no employee has requested or agreed to accept a gratuity or offer of employment in connection with this engagement.

Any modification or amendment to this Engagement Letter must be in writing, executed by us and contain the signatures of the Issuer. The validity, construction and effect of this Engagement Letter and any and all extensions and/or modifications thereof shall be governed by the laws of the State of Tennessee. Any action between the parties arising from this Engagement Letter shall be maintained in the state or federal courts of Davidson County, Tennessee.

CONCLUSION

If the foregoing terms are acceptable to you, please so indicate by returning the enclosed copy of this engagement letter dated and signed by an authorized officer, retaining the original for your files. We look forward to working with you.

CITY OF ASHLAND CITY, TENNESSEE

BASS, BERRY & SIMS PLC:

By: _____
Rick Johnson, Mayor

By: _____
Karen S. Neal, Member

11299784.1

This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment without notice. The Notes may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

NEW ISSUE

Book-Entry

PRELIMINARY OFFICIAL STATEMENT

Dated: November __, 2012

Rating: S&P - “__”

(See “Miscellaneous – Rating”)

In the opinion of Bass, Berry & Sims PLC, Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the Municipality, interest on the Bonds (as defined herein) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. For a more detailed explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading “LEGAL MATTERS – Tax Matters” herein. Under existing law, all of the 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. (See “Tax Matters” herein).



\$2,900,000*
TOWN OF ASHLAND CITY, TENNESSEE
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012

Dated: Date of Issuance

Due: June 1st

The \$2,900,000* General Obligation Refunding Bonds, Series 2012 (the “Bonds”) of the Town of Ashland City, Tennessee (the “Municipality”) shall be issued as fully registered Bonds in denominations of \$5,000 and authorized integral multiples thereof. The Bonds will be issued in book-entry only form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”) except as otherwise described herein. DTC will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal and interest with respect to the Bonds shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of the Bonds will be made in book-entry only form, in denominations of \$5,000 or integral multiples thereof and will bear interest at the annual rates as shown below. Interest on the Bonds is payable semi-annually from the date thereof commencing on each January 1st and July 1st commencing on January 1, 2013 by check or draft mailed to the owners thereof as shown on the books and records of Regions Bank, Nashville, Tennessee, the registration and, paying agent (the “Registration Agent”). In the event of discontinuation of the book-entry system, principal of and interest on the Bonds are payable at the principal corporate trust office of the Registration Agent.

The Bonds are payable primarily from and secured by a pledge of the income and revenues to be derived from the operation of the water and sewer system of the Municipality (the “System”) (as further defined herein), subject only to the payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring said System and to prior pledges of such revenues in favor of Prior Lien Obligations as defined herein. In the event of a deficiency in such revenues, the Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the Municipality. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the Municipality are irrevocably pledged.

The Bonds are subject to optional redemption as described herein.

<u>June 1</u>	<u>Bonds*</u>	<u>Rate</u>	<u>Yield</u>	<u>June 1</u>	<u>Bonds*</u>	<u>Rate</u>	<u>Yield</u>
2013	\$55,000			2026	\$110,000		
2014	85,000			2027	115,000		
2015	85,000			2028	115,000		
2016	90,000			2029	120,000		
2017	90,000			2030	125,000		
2018	95,000			2031	130,000		
2019	95,000			2032	130,000		
2020	95,000			2033	135,000		
2021	100,000			2034	140,000		
2022	100,000			2035	145,000		
2023	105,000			2036	150,000		
2024	105,000			2037	155,000		
2025	110,000						

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Preliminary Official Statement to obtain information essential to make an informed investment decision.

The Bonds are offered when, as and if issued, subject to the approval of the legality thereof by Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel, solely to the Municipality, whose opinion will be delivered with the Bonds. Certain legal matters will be passed upon for the by their Counsel, Robertson Overbey Wilson & Beeler, Knoxville, Tennessee. Certain legal matters will be passed upon for the Municipality by Jennifer Noe, Esq., City Attorney. It is expected that the Bonds will be available for delivery through the facilities of The Depository Trust Company, New York, New York on or about December __, 2012*.

RAYMOND JAMES | Morgan Keegan

November __, 2012

*Subject to reduction and adjustment as set forth in the Detailed Notice of Sale

This *Preliminary Official Statement* speaks only as of its date, and the information contained herein is subject to change.

This *Preliminary Official Statement* may contain forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this *Preliminary Official Statement*, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this *Preliminary Official Statement*. The Municipality disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Municipality's expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

This *Preliminary Official Statement* and the Appendices hereto contain brief descriptions of, among other matters, the Municipality, the Bonds, the Resolution (as defined herein), the Disclosure Certificate, and the security and sources of payment for the Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions and statutes, the Resolution, the Disclosure Certificate, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents and laws, and references herein to the Bonds are qualified in their entirety to the forms thereof included in the Resolution.

The Bonds have not been registered under the Securities Act of 1933 and the Resolution has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts. This *Preliminary Official Statement* does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

No dealer, broker, salesman, or other person has been authorized by the Municipality or the Underwriter to give any information or to make any representations other than those contained in this *Preliminary Official Statement*, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Municipality or Underwriter. Except where otherwise indicated, all information contained in this *Preliminary Official Statement* has been provided by the Municipality. The information set forth herein has been obtained by the Municipality from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this *Preliminary Official Statement* nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Municipality, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market prices of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

<u>June 1</u>	<u>Bonds*</u>	<u>CUSIPS⁽¹⁾</u>	<u>June 1</u>	<u>Bonds*</u>	<u>CUSIPS⁽¹⁾</u>
2013	\$55,000		2026	\$110,000	
2014	85,000		2027	115,000	
2015	85,000		2028	115,000	
2016	90,000		2029	120,000	
2017	90,000		2030	125,000	
2018	95,000		2031	130,000	
2019	95,000		2032	130,000	
2020	95,000		2033	135,000	
2021	100,000		2034	140,000	
2022	100,000		2035	145,000	
2023	105,000		2036	150,000	
2024	105,000		2037	155,000	
2025	110,000				

* Subject to reduction and adjustment as set forth in the Detailed Notice of Sale.

⁽¹⁾ CUSIP numbers have been assigned by Standard & Poor's CUSIP Service Bureau, a Division of The McGraw-Hill Companies, Inc., and are included solely for convenience of the holders of the Bonds. The Municipality is not responsible for the selection or use of these CUSIP numbers, nor is any representation made as to their correctness on the Bonds or as indicated herein.

TOWN OF ASHLAND CITY, TENNESSEE

BOARD OF MAYOR AND CITY COUNCIL

Rick Johnson, Mayor

Alwilda Binkley, Council Member

Steve Allen, Vice Mayor

Jimmy Gill, Council Member

Roger Jackson, Council Member

Chris LaCrosse, Council Member

Lisa E. Walker, Council Member

CITY OFFICIALS

Jennifer Noe, Esq.

City Attorney

Phyllis Schaeffer

Recorder, Finance Director & Clerk

REGISTRATION AND PAYING AGENT

Regions Bank
Nashville, Tennessee

BOND COUNSEL

Bass, Berry & Sims PLC
Nashville, Tennessee

UNDEWRITER'S COUNSEL

Robertson Overbey Wilson & Beeler
Knoxville, Tennessee

UNDERWRITER

Raymond James | Morgan Keegan
Nashville, Tennessee

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SUMMARY STATEMENT

The information set forth below is provided for convenient reference and does not purport to be complete and is qualified in its entirety by the information and financial statements appearing elsewhere in this *Preliminary Official Statement*. This Summary Statement shall not be reproduced, distributed or otherwise used except in conjunction with the remainder of this *Preliminary Official Statement*.

The Issuer Town of Ashland City, Tennessee (the “Municipality” or the “City”)

See the section entitled “Supplemental Information Statement” (APPENDIX B) for more information.

Securities Offered..... \$2,900,000* General Obligation Refunding Bonds, Series 2012 (the “Bonds”) of the Municipality, dated the date of their delivery. The Bonds will mature on June 1, 2013 through January 1, 2037, inclusive.

See the section entitled “SECURITIES OFFERED – Authority and Purpose”.

Security The Bonds are payable primarily from and are secured by a pledge of the income and revenues to be derived from the operation of the System (defined herein), subject only to the payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring the System and to prior pledges of such revenues in favor of Prior Lien Obligations (defined herein). In the event of a deficiency in such revenues, the Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the Municipality. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the Municipality are irrevocably pledged.

See the section entitled “SECURITIES OFFERED – Security”.

Bank Qualification The Bonds have been designated as "qualified tax-exempt obligations" within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended.

See the section entitled “LEGAL MATTERS - Tax Matters” for additional information.

Purpose..... The Bonds are being issued for the purpose of providing funds to (a) refund the Municipality's outstanding Water and Sewer Revenue and Tax Bond, Series 2005, dated __ __, 2005; and (b) pay all or a portion of the costs of issuance and sale of the Bonds.

See the section entitled “SECURITIES OFFERED – Authority and Purpose” for additional information.

* Subject to reduction and adjustment as set forth in the Detailed Notice of Sale

Optional Redemption	The Bonds are subject to optional redemption prior to maturity on and after June 1, 2023 at the redemption price of par and accrued interest. See the section entitled “SECURITIES OFFERED – Redemption - Optional Redemption”.
	See the section entitled “SECURITIES OFFERED - Optional Redemption”.
Mandatory Redemption	To Be Determined.
Rating	Standard & Poor’s: “__”
	See the section entitled “MISCELLANEOUS – Rating” for more information.
Underwriter	Morgan Keegan & Company, Inc. or its successor in interest, Nashville, Tennessee (“Raymond James Morgan Keegan” or the “Underwriter”)
	Also see the section entitled “MISCELLANEOUS – Underwriting.
Bond Counsel	Bass, Berry & Sims PLC, Nashville, Tennessee (the “Bond Counsel”)
	Also see the section entitled “MISCELLANEOUS - Financial Professionals; Related Parties; Other”.
Underwriter’s Counsel	Robertson Overbey Wilson & Beeler, Knoxville, Tennessee (“Underwriter’s Counsel”)
Book Entry Only	The Bonds will be issued under the Book Entry System except as otherwise described herein.
	For additional information, see the section entitled “BASIC DOCUMENTATION – Book Entry System”.
Registration and Paying and Agent	Regions Bank, Nashville, Tennessee (the “Registration Agent”)
Tax Matters	In the opinion of Bass, Berry & Sims PLC, Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the Municipality, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. For a more detailed explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading "LEGAL MATTERS – Tax Matters" herein. Under existing law, all of the 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.

See “LEGAL MATTERS—Tax Matters” herein. See also “APPENDIX A: Form of Legal Opinion included herein.

General.....The Bonds are being issued in full compliance with Title 9, Chapter 21, Parts 1, 2 and 9, *Tennessee Code Annotated*, as supplemented and revised. The Bonds will be issued with CUSIP numbers through the facilities of The Depository Trust Company, New York, New York

See the section entitled “SECURITIES OFFERED – Authority and Purpose” for more information.

DisclosureIn accordance with Rule 15c2-12 of the Securities and Exchange Commission as amended (the “Rule”), the Municipality will provide the Municipal Securities Rulemaking Board (“MSRB”) through the operation of the Electronic Municipal Market Access system (“EMMA”) and the State information depository (“SID”), if any, annual financial statements and other pertinent credit or event information, including the Annual Financial Reports.

See the section entitled “MISCELLANEOUS - Continuing Disclosure”.

Other InformationThe information in the *Preliminary Official Statement* is deemed "final" within the meaning of Rule 15c2-12(b)(5) of the SEC (the “Rule”) as of the date which appears on the cover hereof except for the omission of certain information allowed to be excluded under the Rule. For more information concerning the Municipality or the *Preliminary Official Statement*, contact the Honorable Rick Johnson, Mayor or Ms. Phyllis Schaeffer, Finance Director, 101 Court Street, Ashland City, Tennessee 37015 Telephone: 615.792.4211 or the Underwriter, Raymond James | Morgan Keegan, One Burton Hills Blvd. - Suite 225, Nashville, Tennessee 37215, Telephone: 615.665.6920 or 800.764.1002.

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Summary of Changes In General Fund Balances

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Beginning Fund Balance:					
Revenues:					
Expenditures:					
Other Financing Sources					
Transfers In:					
Transfers Out:					
Insurance Recoveries:					
Debt/ Capital Leases Proceeds:					
Ending Fund Balance:					
Unassigned Fund Balance ⁽¹⁾ :					
Unreserved - Designated:					
Unreserved and Undesignated:					

Source: Comprehensive Annual Financial Reports of the City
⁽¹⁾ Change resulting from the application of GASB Statement 54

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\$2,900,000*
TOWN OF ASHLAND CITY, TENNESSEE
General Obligation Refunding Bonds, Series 2012

SECURITIES OFFERED

AUTHORITY AND PURPOSE

This *Preliminary Official Statement* which includes the Summary Statement and appendices is furnished in connection with the offering by the Town of Ashland City, Tennessee (the “Municipality”) of its \$2,900,000* General Obligation Refunding Bonds, Series 2012 (the “Bonds”).

The Bonds are authorized to be issued pursuant to the provisions of Title 9, Chapter 21, Parts 1, 2 and 9 *Tennessee Code Annotated*, as supplemented and amended, and other applicable provisions of law. The Bonds were authorized by the City Council of the Municipality (the “Governing Body”) pursuant to Resolution duly adopted on November __, 2012 (the “Resolution”).

The Bonds are being issued for the purpose of providing funds to (a) refund the Municipality's outstanding Water and Sewer Revenue and Tax Bond, Series 2001, dated July 18, 2001; and (b) pay all or a portion of the costs of issuance and sale of the Bonds.

DESCRIPTION OF THE BONDS

The Bonds initially will be dated the date of their issuance estimated to be December __, 2012*. Interest on the Bonds will be payable semiannually as applicable on December 1st and June 1st, commencing June 1, 2013. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds will be initially registered only 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.

See the section entitled “BASIC DOCUMENTATION - The Book-Entry System” and the “Registration Agent” for additional information.

REFUNDING PLAN

As required by prevailing State statutes, the Municipality submitted a *Refunding Plan* (the “Plan”) pertaining to this transaction to the Director of State and Local Finance in the Tennessee Comptroller of the Treasury’s office (the “Director”) who reported directly to the Municipality on the Plan prior to formal action by the Governing Body authorizing the sale and issuance of the Bonds.

Consistent with the Municipality’s formal Debt Management Plan, the strategy developed under the Plan is to refund the Outstanding Obligation as soon as permissible in order to achieve

* Subject to adjustment and revision

measurable annual net aggregate and net present value savings by taking advantage of more favorable interest rates in the current market.

Outstanding Obligation. Previously, the Municipality authorized, issued and delivered the following bond (the “Outstanding Obligation”) to the U.S. Department of Agriculture – Rural Development Administration (the “RDA”). The Outstanding Obligation is callable at any time at a price of par and accrued interest to the date of redemption:

<u>Amount</u>	<u>Designation</u>	<u>Dated Date</u>	<u>Due</u>	<u>Rate</u>	<u>Refunding Type</u>
\$ _____	Water and Sewer Revenue and Tax Bond, Series 2005	_____	Monthly 2045	3.375%	Current

See the section entitled “BASIC DOCUMENTATION – Disposition of Proceeds” for additional information.

SECURITY

SECURITY

The Bonds shall be payable primarily from and be secured by a pledge of the Net Revenues to be derived from the operation of the System (as defined herein), subject to prior pledges of such Net Revenues (as defined herein) in favor of Prior Lien Obligations (as defined herein); and in the event of a deficiency of such Net Revenues, the Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the Municipality. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the Municipality are irrevocably pledged.

For payment of the Bonds in the event of a deficiency in the Net Revenues derived from the System, the Municipality through its governing body, shall annually levy and collect a tax on all taxable property within the corporate limits of the Municipality, in addition to all other taxes authorized by law, sufficient to pay the principal of and interest on the Bonds when due. Principal and interest falling due at any time when there are insufficient funds from such tax shall be paid from the current funds of the Municipality and reimbursement therefore shall be made out of taxes provided by the Resolution for the Bonds when the same shall have been collected. The taxes may be reduced to the extent of direct appropriations from the general funds of the Municipality to the payment of debt service on the Bonds.

Definitions. The following definitions are found in the bond resolution authorizing the Bonds.

"Current Expenses" means the reasonable and necessary costs of operating, maintaining, repairing and insuring the System, including the cost of water, salaries, wages, cost of material and supplies and insurance premiums, but shall exclude depreciation and interest expense.

"Gross Earnings" means all revenues, rentals, earnings and income of the System from whatever source, including all revenues derived from the operation of the System, including

proceeds from the sale of property; proceeds of insurance and condemnation awards and compensation for damages, to the extent not applied to the payment of the cost of repairs, replacements and improvements; and all amounts realized from the investment of funds of the System, including money in any accounts and funds created by this resolution, and resolutions authorizing any Prior Lien Obligations and resolutions authorizing any Parity Bonds or subordinate lien bonds (excluding any investment earnings from funds created to refund any outstanding bonds of the System or deposited to a construction fund established by a resolution authorizing such bonds to the extent set forth in such resolution).

"Net Revenues" means Gross Earnings of the System, less Current Expenses, excluding any profits or losses on the sale or other disposition, not in the ordinary course of business, or investments or fixed or capital assets.

"Prior Lien Obligations" means the Municipality's outstanding, to the extent outstanding,
_____.

"System" shall mean the complete water and sewer system of the Municipality and all water and sewer properties of every nature hereafter owned by the Municipality, including all improvements and extensions made by the Municipality while the Bonds remain outstanding, and including all real and personal property of every nature comprising part of or used or useful in connection with the water and sewer system, and including all appurtenances, contracts, leases, franchises and other intangibles.

REDEMPTION

Optional Redemption. Bonds maturing June 1, 2013 through June 1, 2022, inclusive shall mature without option of prior redemption. Bonds maturing June 1, 2024 and thereafter shall be subject to redemption prior to maturity at the option of the Municipality on June 1, 2022 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 Governing Body 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.

Mandatory Redemption. Subject to the credit hereinafter provided, the Municipality shall redeem the Bonds maturing on June 1, 2024; June 1, 2026; June 1, 2028; June 1, 2030; June 1, 2032; June 1, 2034; June 1, 2036 and June 1, 2039 on the redemption dates set forth herein 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 Bonds or such Person as shall then be serving as the securities depository for 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 depicted on the following page:

<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 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 canceled 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 Redemption. Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the Municipality not less than twenty (20) 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. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). 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. On or before the date fixed for redemption, moneys shall be deposited with the Registration Agent to pay the principal of, redemption premium, if any, and interest accrued to the redemption date on the Bonds called for redemption. In the case of a Conditional Redemption, the failure of the Municipality to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

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BASIC DOCUMENTATION

REGISTRATION AGENT

Regions Bank (the “Registration Agent”) or the Municipality will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner 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 check or draft mailed to such owner at its address shown on said 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 the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable.

So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owne

BOOK-ENTRY-ONLY SYSTEM

The Registration Agent, its successor or the Municipality will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the 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 its address shown on said registration records, without, except for final payment, the presentation or surrender of such registered Notes, and all such payments shall discharge the obligations of the Municipality in respect of such Bonds to the extent of the payments so made, except as described above. Payment of principal of the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable.

So long as Cede & Co. is the Registered Owner of the Notes, as nominee of DTC, references herein to the Holders or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Notes. For additional information, see the following section.

The Notes, when issued, will be registered in the name of Cede & Co., DTC’s partnership nominee, except as described above. When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry system maintained by DTC (the “Book-Entry-Only System”). One or more fully-registered Note certificates will be issued for each maturity, in the entire aggregate principal amount of the Bonds and will be deposited with DTC.

DTC and its Participants. DTC is a limited-purpose trust company organized under the New York Bank Law, a “**banking organization**” within the meaning of the New York Banking

Law, a member of the Federal Reserve System, a “**clearing corporation**” within the meaning of the New York Uniform Commercial Code, and a “**clearing agency**” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for securities that its participants (the “**Direct Participants**”) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry-only changes in DTC Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of its Direct Participants and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (the “NSCC”, “GSCC”, “MBSCC”, and “EMCC”, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc. (the “NYSE”), the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct DTC Participant, either directly or indirectly (the “**Indirect Participants**” and, together with the Direct Participants, the “**Participants**”). DTC has S&P’s highest Ratings: “AAA.” The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtc.com.

Purchase of Ownership Interests. Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Note (a “**beneficial owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial owners will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through whom such beneficial owners entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the Notes, except as specifically provided in the Bonds in the event that use of the book-entry-only system is discontinued.

Payments of Principal and Interest. Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts, upon DTC’s receipt of funds and corresponding detail information from the Registration Agent on the payable date in accordance with their respective holdings shown on DTC’s records, unless DTC has reason to believe it will not receive payment on such date. Payments by Direct and Indirect Participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with municipal securities held for the accounts of customers in bearer form or registered in “**street name**”, and will be the responsibility of such Participant and not of DTC, the Municipality or the Registration Agent subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, tender price and

interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registration Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of Direct and Indirect Participants.

Notices. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. Beneficial owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to beneficial owners, or in the alternative, beneficial owners may wish to provide their names and addresses to the Registration Agent and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Municipality as soon as practicable after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

NONE OF THE MUNICIPALITY, THE UNDERWRITER, THE BOND COUNSEL, THE UNDERWRITER OR THE REGISTRATION AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENT TO, OR THE PROVIDING OF NOTICE FOR, SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES.

Transfers of Notes. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the beneficial owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Discontinuance of Book-Entry-Only System. In the event that (i) DTC determines not to continue to act as securities depository for the Bonds or (ii) to the extent permitted by the rules of DTC, the Municipality determines to discontinue the Book-Entry System, the Book-Entry System

shall be discontinued. Upon the occurrence of the event described above, the Municipality will attempt to locate another qualified securities depository, and if no qualified securities depository is available, Note certificates will be printed and delivered to beneficial owners.

No Assurance Regarding DTC Practices. The foregoing information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Municipality believes to be reliable, but the Municipality, the Bond Counsel, the Registration Agent and the Underwriter do not take any responsibility for the accuracy thereof. So long as Cede & Co. is the registered owner of the Bonds as nominee of DTC, references herein to the holders or registered owners of the Bonds will mean Cede & Co. and will not mean the beneficial owners of the Notes. None of the Municipality, the Bond Counsel, the Registration Agent or the Underwriter will have any responsibility or obligation to the Participants, DTC or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or by any Direct or Indirect Participant of DTC, (ii) payments or the providing of notice to Direct Participants, the Indirect Participants or the beneficial owners or (iii) any other action taken by DTC or its partnership nominee as owner of the Notes.

For more information on the duties of the Registration Agent, please refer to the Resolution. Also, please see the section entitled "SECURITIES OFFERED – Redemption."

SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds relating to the proceeds from the Notes:

Sources of Funds:

Par Amount
Plus: Net Original Issue Premium
TOTAL SOURCES:

Uses of Funds:

Retire Refunded Bonds (RDA)
Underwriter's Discount Including Bond Insurance Premium
Costs of Issuance and Rounding
TOTAL USES:

The proceeds of the sale of the Bonds shall be disbursed as follows:

(a) an amount which, together with investment earnings thereon and legally available funds of the Municipality, if any, will be sufficient to pay principal of and interest on the Refunded Bonds, shall be paid to the holder(s) of the Refunded Bonds on the issuance date of the Bonds or on the first practicable date thereafter; and

(b) the remainder of the proceeds of the sale of the Bonds used to pay all or a portion of the costs associated with the issuance of the Bonds and, if not needed for such purpose, will be used to pay interest on the Bonds on the first interest payment date following delivery of the Bonds.

DISCHARGE AND SATISFACTION OF BONDS

(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 Federal 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 Federal Obligations deposited as aforesaid.

Except as otherwise provided, neither Federal Obligations nor moneys deposited with the Registration Agent nor principal or interest payments on any such Federal 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, respectively; provided that any cash received from such principal or interest payments on such Federal 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 Federal 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. Federal Obligations shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or any agency thereof, obligations of any agency or instrumentality of the United States or any other obligations at the time of the purchase thereof are permitted investments under

Tennessee law for the purposes described herein, 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.

EQUALITY OF LIEN; PROHIBITION OF PRIOR LIEN BONDS; PARITY OBLIGATIONS

The punctual payment of principal of and interest on the Bonds shall be secured equally and ratably by the Net Revenues of the System without priority by reason of number or time of sale or execution or delivery, and, subject to the payment of reasonable and necessary costs of operating, maintaining, repairing and insuring the System and the payment of Prior Lien Obligations, the Net Revenues of the System are irrevocably pledged to the punctual payment of such principal, premium, if any, and interest as the same become due.

Except as hereinafter provided, the Municipality will issue no other bonds or obligations of any kind or nature payable from or enjoying a lien on the Gross Earnings of the System on a parity with or having priority over the Bonds. Additional bonds may hereafter be issued on parity with the Bonds under the following conditions but not otherwise:

(a) Additional bonds may be issued on parity with the Bonds without regard to the requirements of subsection (b) if such bonds shall be issued for the purpose of refunding any of the Bonds which shall have matured or which shall mature not later than three months after the date of delivery of such refunding bonds.

(b) Additional bonds, notes or other obligations may be issued on parity with the Bonds if all of the following conditions are met:

(i) The Net Revenues of the System for any twelve (12) consecutive months during the eighteen (18) months immediately preceding the issuance of the additional bonds, notes or other obligations must have been equal to 1.20 times the maximum annual interest and principal requirements for any succeeding fiscal year on all Prior Lien Obligations, the Bonds and any bonds, notes or other obligations on a parity therewith (but excluding any bonds, notes or other obligations to be refunded from the proceeds of such bonds, notes or other obligations proposed to be issued) and the bonds, notes or other obligations so proposed to be issued; provided, however, that if prior to the authorization of such additional bonds, notes or other obligations the Municipality shall have adopted and put into effect a revised schedule of rates for the System or expanded the System (or will expand the System in connection with the issuance of the additional bonds, notes or other obligations) so that its capacity is increased, then the Net Revenues for the twelve (12) months of the eighteen (18) months immediately preceding the issuance of such additional bonds, notes or other obligations, as certified by an independent engineer or engineering firm with a favorable reputation for skill and experience in the design and operation of water and sewer systems or a nationally recognized firm of financial feasibility consultants having a favorable reputation for skill and experience in the financial feasibility of water and sewer systems, which would have resulted from such rates had they been in effect for such period or would have resulted from such additional capacity, may be used in lieu of the actual Net Revenues for such period;

(ii) No default in the payment of principal of and interest on the Bonds, any

Prior Lien Obligations or any subordinate obligations shall have occurred; and

(iii) The proceeds of the additional bonds, notes or other obligations must be used solely for the making of improvements, extensions, renewals or replacements to the System, or to refund the Prior Lien Obligations, the Bonds or any obligations issued on parity therewith, or any subordinate lien obligations.

CHARGES FOR SERVICES SUPPLIED BY THE SYSTEM

While the Bonds and any Parity Obligations remain outstanding and unpaid, the Municipality covenants and agrees that it will permit no free service to be furnished to any consumer or user whatsoever, and the charges for all services supplied through the medium of the System to the Municipality and its residents and to all consumers shall be reasonable and just, taking into account and consideration the cost and value of the System and the cost of maintaining, operating, repairing, and insuring the System, and the proper and necessary allowances for the depreciation thereof, and the amounts necessary for the payment of principal of, premium, if any, and interest on all bonds and other obligations payable from such Net Revenues, and there shall be charged against all users of the services of the System such rates and amounts as shall be fully adequate to meet the debt service requirements of the Bonds, any obligations on a parity therewith, the Prior Lien Obligations and subordinate lien obligations, if any.

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LEGAL MATTERS

LITIGATION

There are no suits threatened or pending challenging the legality or validity of the Bonds or the right of the Municipality to sell or issue the Bonds or to collect its revenues from services associated with the water or sewer systems of the Municipality or its *ad valorem* taxes to pay principal of and interest on the Bonds.

At the time of delivery of and payment for the Bonds, the Municipality will deliver, or cause to be delivered, a certificate of the Municipality stating that there is no controversy or litigation of any nature then pending or threatened, restraining or enjoining the issuance, sale execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Municipality taken with respect to the authorization, issuance or sale thereof or the pledge or application of any moneys or security provided for the payment of the Bonds or the existence, boundaries or powers of the Municipality, or the title of its officials to their respective offices. See the subsection in this section entitled “Closing Certificates” for additional information.

The Municipality is the defendant in other matters in which financial exposure is considered to be insignificant or potential damages and costs are covered through insurance.

TAX MATTERS

General. Bass, Berry & Sims PLC, Nashville, Tennessee, is Bond Counsel for the Notes. Its opinion under existing law, relying on certain statements by the Municipality and assuming compliance by the Municipality with certain covenants, is that interest on the Notes:

- is excluded from a note holder’s federal gross income under the Internal Revenue Code of 1986, as amended (the “Code”),
- is not a preference item for a note holder under the federal alternative minimum tax, and
- is included in the adjusted current earnings of a corporation under the federal corporate alternative minimum tax.

The Code imposes requirements on the Bonds that the Municipality must continue to meet after the Bonds are issued. These requirements generally involve the way that Note proceeds must be invested and ultimately used. If the Municipality does not meet these requirements, it is possible that a holder of the Bonds may have to include interest on the Bonds in its federal gross income on a retroactive basis to the date of issue. The Municipality has covenanted to do everything necessary to meet these requirements of the Code.

A holder of the Bonds who is a particular kind of taxpayer may also have additional tax consequences from owning the Notes. This is possible if a holder of the Bonds is:

- an S corporation,

- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit or
- a borrower of money to purchase or carry the Notes.

If a holder of the Bonds is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Bonds or affect the market price of the Notes. See also “*Changes in Federal and State Tax Law*” below in this heading.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Notes, or under State, local or foreign tax law.

Premium. If a note holder purchases a Note for a price that is more than the principal amount, generally the excess is “bond premium” on that Note. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a note holder’s tax basis in that Note will be reduced. The holder of a Note that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Notes. A holder of the Bonds in certain circumstances may realize a taxable gain upon the sale of a Note with bond premium, even though the Note is sold for an amount less than or equal to the owner’s original cost. If a note holder owns any Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

Original Issue Discount. A Note will have “original issue discount” if the price paid by the original purchaser of such Note is less than the principal amount of such Note. Bond Counsel’s opinion is that any original issue discount on these Bonds as it accrues is excluded from a holder’s federal gross income under the Code. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a note holder’s tax basis in these Bonds will be increased. If a holder of the Bonds owns one of these Notes, it should consult its tax advisor regarding the tax treatment of original issue discount.

Information Reporting and Backup Withholding. Information reporting requirements apply to interest on tax-exempt obligations, including the Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

Qualified Tax-Exempt Obligations. Under the Code, in the case of certain financial institutions, no deduction from income under the federal tax law will be allowed for that portion of such institution's interest expense which is allocable to tax-exempt interest received on account of tax-exempt obligations acquired after August 7, 1986. The Code, however, provides that certain "qualified tax-exempt obligations", as defined in the Code, will be treated as if acquired on August 7, 1986. Based on an examination of the Code and the factual representations and covenants of the Municipality as to the Notes, Bond Counsel has determined that the Bonds upon issuance will be "qualified tax-exempt obligations" within the meaning of the Code.

State Taxes. Under existing law, the Bonds 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 Bonds during the period the Bonds are held or beneficially owned by any organization or entity, or 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 Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

Changes In Federal And State Tax Law. From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Notes. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds and notes issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Notes. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Notes, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Prospective holders of the Bonds should consult their own tax advisors regarding the foregoing matters.

The form of the opinion of Bond Counsel is attached as “APPENDIX A: PROPOSED FORM OF OPINION”. Copies of the opinion will be available at the time of the initial delivery of the Notes.

CLOSING CERTIFICATES

Upon delivery of the Notes, the Municipality will execute in a form satisfactory to Bond Counsel, certain closing certificates including the following: (i) A certificate as to the *Official Statement*, in final form (as defined herein), signed by the Mayor and the interim Town Recorder acting in their official capacities to the effect that to the best of their knowledge and belief, and after reasonable investigation, (a) neither the *Official Statement*, in final form, nor any amendment or supplement thereto, contains any untrue statements of material fact or omits to state any material fact necessary to make statements therein, in light of the circumstances in which they are made, not misleading, (b) since the date of the *Official Statement*, in final form, no event has occurred which should have been set forth in such a memo or supplement, and (c) there is no litigation of any nature pending or threatened seeking to restrain the issuance, sale, execution and delivery of the Notes, or contesting the validity of the Bonds or any proceeding taken pursuant to which the Bonds were authorized; (ii) a non-arbitrage certificate which supports the conclusions that based upon facts, estimates and circumstances in effect, upon delivery of the Notes, the proceeds of the Bonds will not be used in a manner which would cause the Bonds to be arbitrage Notes; (iii) certificates as to the delivery and payment, signed by the interim Town Recorder acting in her official capacity evidencing delivery of and payment for the Notes; (iv) a signature identification and incumbency certificate, signed by the Mayor and interim Town Recorder acting in their official capacities certifying as to the due execution of the Notes; and (v) a Continuing Disclosure Certificate regarding certain covenants of the Municipality concerning the preparation and distribution of certain annual financial information and notification of certain material events, if any.

For additional information, see the section entitled “MISCELLANEOUS – Underwriting”, “MISCELLANEOUS - Additional Information” and MISCELLANEOUS - Continuing Disclosure”.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters relating to the authorization and the validity of the Bonds are subject to the approval of Bass, Berry & Sims PLC, Nashville, Tennessee, bond counsel solely to the Municipality (“Bond Counsel”). Bond Counsel did not prepare the *Preliminary Official Statement* or the *Official Statement*, in final form, or verified their accuracy, completeness or fairness. Accordingly, Bond Counsel expresses no opinion of any kind concerning the *Preliminary Official Statement* or *Official Statement*, in final form, except for the information under the section entitled “TAX MATTERS”. The opinion of Bond Counsel will be limited to matters relating to authorization and validity of the Bonds and to the tax-exemption of interest on

the Bonds under present federal income tax laws, both as described above. The legal opinion will be delivered with the Bonds and the form of the opinion is included in APPENDIX A.

Certain legal matters will be passed upon for the Underwriters by Robertson Overbey Wilson & Beeler, Knoxville, Tennessee. Certain legal matters will be passed upon for the Municipality by its counsel, Jennifer Noe, Esq., City Attorney, Ashland City, Tennessee.

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MISCELLANEOUS

RATING

Standard & Poor's Corporation, a Division of The McGraw – Hill Companies, Inc. ("S&P") has assigned the Bonds the credit rating of "___" which appears on the cover of this *Preliminary Official Statement*.

The Municipality furnished S&P certain information and materials and held a "due diligence" tele-conference with the rating agency concerning the Bonds and the Municipality. Generally, S&P bases their ratings on such information and materials and also on such investigations, studies and assumptions that it may undertake independently. There is no assurance that any rating will be maintained for any given period of time or that it will not be revised downward or withdrawn entirely by S&P if, in their judgment, circumstances so warrant. The Municipality undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings or other actions by a rating agency may have an adverse effect on the market price of the Notes.

Due to the ongoing uncertainty regarding the economy of the United States of America, including, without limitation, matters such as the future political uncertainty regarding the United States debt limit, obligations issued by state and local governments, such as the Notes, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for and ratings, liquidity, and market value of outstanding debt obligations, including the Notes.

Any explanation of the significance of the ratings may be obtained only from S&P.

UNDERWRITING

Morgan Keegan & Company, Inc. or its successor in interest ("Morgan Keegan") acting on behalf of itself and as a representative of Raymond James & Associates, Inc. (collectively, the "Underwriter") has agreed, subject to certain customary conditions precedent to closing, to purchase the Bonds.

On April 2, 2012, Raymond James Financial, Inc. ("RJF"), the parent company of Raymond James & Associates, Inc. ("Raymond James"), acquired all of the stock of Morgan Keegan from Regions Financial Corporation. Morgan Keegan and Raymond James are each registered broker-dealers. Both Morgan Keegan and Raymond James are wholly owned subsidiaries of RJF and, as such, are affiliated broker-dealer companies under the common control of RJF, utilizing "Raymond James | Morgan Keegan" as their trade name. It is anticipated that the businesses of Raymond James and Morgan Keegan will be combined.

Pursuant to a Bond Purchase Agreement, dated September 19, 2012 (the "Bond Purchase Agreement"), between the Town and the Underwriter, as manager for and on behalf of itself and

such other securities dealers as it may designate, the Underwriter has agreed to purchase the Bonds at an aggregate purchase price of \$_____ (consisting of the par amount of the Bonds of \$_____ plus net original premium of \$_____ and less an underwriter's discount of \$_____ or _____% percent of par). The obligation of the Underwriter to purchase the Bonds is subject to certain conditions contained in the Bond Purchase Agreement.

The Underwriter may offer the Bonds to the public initially at the offering prices set forth on the cover page hereof, which price may subsequently be changed without prior notice. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices. In connection with offering, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. For additional information, see the section entitled "LEGAL MATTERS - Closing Certificates" contained herein.

*Subject to adjustment and revision as outlined in the Detailed Notice of Sale.

FINANCIAL PROFESSIONALS

Registration Agent. The Registration Agent provides commercial banking, investments and corporate trust services to private parties and State and local jurisdictions and may have provided one or more such services to the Municipality on other occasions. As registration, registration, paying and escrow agent in this transaction, the Registration Agent will receive separate compensation for such services as it would if it were to serve the Municipality in other normal commercial banking capacities.

Official Statements. Certain information relative to the location, economy and finances of the Municipality is found in the *Preliminary Official Statement*, in final form and the *Official Statement*, in final form. All such data, as in the case for other information herein contained, was prepared for and with the direct assistance of the Municipality. While not guaranteed as to completeness or accuracy, the *Preliminary Official Statement*, in final form and the *Official Statement*, in final form, both are believed to be correct as of their respective dates. As the Underwriter for this transaction, Raymond James | Morgan Keegan has reviewed the information in the *Preliminary Official Statement*, in final form, and the *Official Statement* in final form in accordance with and as part of its responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but Raymond James | Morgan Keegan does not guarantee the accuracy or completeness of such information.

Other. Among other services, Raymond James | Morgan Keegan also assists local jurisdictions in the investment of idle funds and may serve in various other capacities. If the Municipality chooses to use one or more of these other services, then Raymond James | Morgan Keegan may be entitled to separate compensation for such services. On prior occasions, Morgan Keegan and/or Raymond James may have served the Municipality in other capacities and may do so again in the future.

Bond Counsel. From time to time, Bass Berry & Sims PLC has represented Morgan Keegan, Raymond James, Raymond James | Morgan Keegan or the Registration Agent on legal matters unrelated to the Municipality and may do so again in the future. Bass Berry & Sims is serving solely as bond counsel to the Municipality in this transaction.

DEBT LIMITATIONS

Under the legal authority under which the Bonds are sold and issued, there is no limit on the amount of debt obligations that may be issued by the Municipality. (See DEBT STRUCTURE - Indebtedness and Debt Ratios for more information.)

ADDITIONAL DEBT OBLIGATIONS

The Municipality has no other formal plans to issue additional debt at this time.

CONTINUING DISCLOSURE

At the time the Bonds are delivered, the Municipality will execute a Continuing Disclosure Certificate in which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information relating to the Municipality by not later than twelve months after each of the Municipality's fiscal years, (the "Annual Report"), commencing with the fiscal year ending June 30, 2012 and to provide notice of the occurrence of certain enumerated events. The Annual Report (and audited financial statements, if filed separately) will be filed with the Municipal Securities Rulemaking Board ("MSRB") through the operation of the Electronic Municipal Market Access system ("EMMA") and with any State Information Depository established in the State of Tennessee (the "SID"). If the Municipality is unable to provide the Annual Report to the MSRB and the SID by the date required, notice of each failure will be sent to the MSRB and the SID on or before such date. The notices of events will be filed by the Municipality with the MSRB and 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 Municipality's *Official Statement* to be prepared and distributed in connection with the sale of the Notes. These covenants have been made in order to assist the Underwriters in complying with SEC Rule 15c2-12(b) (the "Rule"). **To its knowledge, the Municipality has not failed to comply in the last five years with any previous undertakings with regard to said Rule to provide Annual Reports or notices of events.**

See "APPENDIX C: Form of Continuing Disclosure Certificate" for additional information.

ADDITIONAL INFORMATION

References, excerpts and summaries contained herein of certain provisions of the laws of the State and any documents referred to herein do not purport to be complete statements of the provisions for such laws or documents, and reference should be made to the complete provisions thereof for a full and complete statement of all matters of fact relating to the Notes, the security

for the payment of the Bonds and the rights of the holders thereof. The *Preliminary Official Statement* and the *Official Statement* in final forms, and any advertisement of the Bonds are not to be construed as a contract or agreement between the Municipality and the purchasers of any of the Bonds. Any statements or information printed in the *Preliminary Official Statement* and the *Official Statement*, in final forms, involving matters of opinion or of estimates, whether or not expressly so identified, is intended merely as such and not representations of fact.

The Municipality has deemed this *Preliminary Official Statement* as "final" as of its date within the meaning of Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "SEC") (the "Rule") except for certain information allowed to be omitted by the Rule.

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CERTIFICATION OF THE MUNICIPALITY

At the time of payment for and delivery of the Bonds the Municipality will furnish the purchaser a certificate, signed by the Mayor and the Recorder, to the effect that (a) the descriptions and statements of or pertaining to the Municipality contained in its *Official Statement* and any addendum thereto, for its Bonds, on the date of such *Official Statement*, on the date of sale of the Bonds and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the Municipality and its affairs, including its financial affairs, are concerned, such *Official Statement* did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data of or pertaining to entities other than the Municipality, and their activities contained in such *Official Statement* are concerned, such statements and data have been obtained from sources which the Municipality believes to be reliable and that the Municipality has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the Municipality since June 30, 2011, the date of the last audited financial statements of the Municipality, the electronic link to which appears in “APPENDIX D: Comprehensive Annual Financial Report”.

/s/ _____
Mayor

ATTEST:

/s/ _____
Recorder

APPENDIX A

LEGAL OPINION

PROPOSED FORM OF BOND COUNSEL OPINION

Bass, Berry & Sims PLC
150 Third Avenue South, Suite 2800
Nashville, Tennessee 37201

(Closing Date)

[TO COME]

APPENDIX B

SUPPLEMENTAL INFORMATION STATEMENT

GENERAL INFORMATION

INTRODUCTION

The Town of Ashland City, Tennessee (the “Town”) is the County seat of Cheatham County (the “County”). The Town and County are located in middle Tennessee approximately 20 miles northwest of downtown Nashville and about 25 miles southeast of Clarksville. The Town’s boundary is contiguous with Metropolitan Nashville-Davidson County. According to the 2000 Census, the Town’s population was 3,330.



Interstate 40 is located approximately 10 miles south and Interstate 24 is about 8 miles north of the Town. U. S. Highways 41A and 70 and State Routes 12 and 49 also provide convenient surface transportation to businesses, residents and visitors to the County and Town.

The navigable Cumberland River flows through the Town allowing recreational and transportation opportunities. Accordingly, a significant level of barge traffic occurs on the Cumberland River.

Commercial air service is accessible approximately 25 to 30 miles from the Town at the Nashville International Airport.

The following table depicts the rapid growth in the Town and Cheatham County (the “County”) over the last 40 years. The U.S. Census Bureau estimated that the Town and County populations in 2011 were ____ and _____, respectively.

<u>Census Population</u>	<u>Ashland City</u>	<u>% Increase</u>	<u>Cheatham County</u>	<u>% Increase</u>	<u>Tennessee</u>	<u>% Increase</u>
2010				23.2%	6,346,105	11.5%
2000				26.3%	5,689,283	16.7%
1990				20.1%	4,877,185	6.2%
1980				52.9%	4,591,120	16.9%
1970				54.9%	3,926,018	10.1%

Source: U.S. Census Bureau

For additional information on the City, see the City’s website: www.hvilletn.org

GOVERNMENT

The Town is chartered under Chapter 241 of the 1921 Private Acts of Tennessee. The Town operates with a Mayor and a five member Town Council. The Mayor is ceremonial head and chief official of the Town. The Mayor presides at meetings of the Town Council. The day-to-day activities and operations of the Town are managed by an appointed Town Administrator.

The Town provides a wide range of services characteristic of similar jurisdictions in the State including public safety (police and fire protection), water and sewage; streets, sanitation, recreation, public improvements, planning and zoning and general administrative services. As of June 30, 2012, there were ____ water and ____ sewer customers served by the Town's water and sewer system.

EDUCATIONAL OPPORTUNITIES

Residents of the Town are served by the Cheatham County School System.

The Nashville Metropolitan Statistical Area has 15 colleges and universities, including Vanderbilt University, Belmont University, Tennessee State University, David Lipscomb University, Meharry Medical College, Nashville State Technical Institute and Fisk University. Total higher education enrollment exceeds 65,000 students annually.

Seven of Nashville's institutions of higher education offer graduate programs. Nashville is also a leading center for medical research and education with Vanderbilt University emphasizing medical research in addition to its programs in other disciplines and with Meharry Medical College specializing in health care delivery.

HEALTH CARE

Celebrating 25 years of providing access to quality healthcare for Ashland City and surrounding communities as Cheatham County's only hospital, TriStar Ashland City is a 12-bed critical access hospital offering a broad spectrum of inpatient and outpatient services.

Specially trained emergency medicine physicians and nurses provide 24/7 emergency care on-site and TriStar physicians of all medical specialties are on immediate call for emergencies.

Additional services include inpatient admissions, surgical services, outpatient lab work, diagnostic medical imaging, and rehabilitation therapy. Most outpatient services are available with same-day scheduling, and all tests results are sent directly to patients' health care providers. TriStar Ashland City is backed by TriStar Health, Middle Tennessee's largest healthcare system, offering a trusted source within our network of hospitals if more specialized care is needed.

Source: TriStar website

Nashville is one of the nation's leaders in the healthcare field. HCA Healthcare has its headquarters and operates several hospitals in the surrounding area. Baptist Hospital,

Vanderbilt University Medical Center and St. Thomas Hospital, all located in Nashville, are the City's and area's other primary hospitals.

REGIONAL TOURISM

Tourism is a major industry in the Nashville area. The Convention and Visitors Bureau and U. S. Travel Data Center estimate that more than 11 million tourists came to Nashville in 2008 and they spent approximately \$3.9 billion. Music, history, art and generous hospitality attract convention delegates and leisure visitors. Excellent air service combined with geographic location and a superior highway transportation system contribute to the cities success.

In the spring of 2010, the Convention Center Authority of the Metropolitan Government of Nashville and Davidson County began construction on the Music Town Center. The new convention center, scheduled for completion in February 2013, will feature an approximate 350,000 square foot exhibit hall, approximately 75,000 square feet of ballroom space (consisting of a 57,000 square foot grand ballroom and an 18,000 square foot junior ballroom), approximately 90,000 square feet of meeting rooms, and 31 loading docks. In addition, there are approximately 30,000 square feet of retail space and a parking garage with approximately 1,800 spaces. The Convention Center is located downtown in the Metropolitan Government's central business district, and is within walking distance of many notable attractions, including, but not limited to, the Bridgestone Arena, the Ryman Auditorium, the Country Music Hall of Fame and the Schermerhorn Symphony Center.

The Country Music Hall of Fame in downtown Nashville is a striking architectural statement featuring music related icons both outside and inside the building. From a distance, the front façade of the building looks like a piano keyboard. The shape of the building is that of the musical notation for a bass cleft. The conservatory entrance is available for after-hour events and spaces of varying sizes offer attractive event spaces. The Hall of Fame features live entertainment daily with musical instruments demonstrations, songwriting sessions, and performances each day at lunch.

Each year, the Country Music Association coordinates a music festival known as CMA Music Festival. The event includes performances by more than 100 entertainers and groups, autograph sessions and activities directed at the attendees. In 2001, the music festival moved to downtown Nashville and attendance has steadily increased each year since then, with average estimates at 124,000 attendees annually. The last three years CBS or ABC have broadcast a 2 hour show of highlights with Nashville featured as much as the music.

The Grand Ole Opry is America's longest running live radio show. The Opry first broadcast in 1925 and the country music variety show now plays in a 4,400 seat theater in the Gaylord Opryland complex a few miles from downtown. Each show features 10 to 20 acts or performers, is delightfully unrehearsed and draws fans from around the world.

The Bridgestone Arena is now in its eleventh year of operation as a premier entertainment facility. The Arena is home of the Nashville Predators, an NHL team in its tenth season in Nashville.

The Tennessee NFL Stadium, opened in 1999 and now named LP Field, is the home of the 1999 AFC Champion and 2002 AFC South Division Champion Tennessee Titans and the 1999 OVC Champion Tennessee State University Tigers. Now in its tenth year of operation, 100% of Titans season ticket packages are sold, and the Titans have played every game since the facility opened in front of a sell-out crowd. The Coliseum seats slightly fewer than 69,000 fans.

The Tennessee State Museum, the Cheekwood Botanical Gardens and Fine Arts Center, President Andrew Jackson's Home: The Hermitage, Belmont Mansion, The Tennessee Performing Arts Center, the Adventure Science Center, and the Parthenon supplement educational and cultural opportunities in the City.

The Adventure Science Center and the Nashville Zoo provide opportunities for Nashville's adults and children to learn how science and wildlife affect their lives. The Center features a state-of-the-art Planetarium. It also features exhibits and programs which focus on geology, zoology, ecology, physics and other sciences. The Nashville Zoo is continuing its multi-year, multi-million dollar expansion program which will make it one of the largest Zoo's in the Country. The Zoo property is built around the historic Grassmere Home and features an ever-expanding display of reptiles, amphibians and birds from throughout the world.

The Nashville MSA has more than 285 hotels and motels that offer more than 35,400 rooms. Omni Hotels & Resorts purchased property between Fourth and Fifth Avenues south of Broadway in downtown Nashville and has begun construction on an 800-room hotel that will serve as headquarters hotel for the Music Town Center Convention Hall. It is anticipated that the hotel will open in 2013. Additionally, several other hotels are under construction or planned to support the new convention center. The Gaylord Opryland Resort and Convention Center is the third largest hotel/convention center under one roof in the United States and is conveniently located near Ashland City. The complex features 2,884 hotel rooms, 300,000 square feet of exhibit space and 300,000 square feet of meeting space. The hotel recently announced plans to build an additional 400 rooms and 450,000 square feet of exhibit and meeting space.

The Schermerhorn Symphony Center, named in honor of the late Maestro Kenneth Schermerhorn who led the Nashville Symphony for 22 years, opened in September 2006. The \$123 million concert hall is an acoustic masterpiece that impressed national and international music critics and journalists beginning with the opening concert and adds one more attraction to a Town known world-wide as Music City. Home to the critically acclaimed Nashville Symphony, the Schermerhorn Symphony Center plays host to more than 100 classical, pops, and special concert events each season. The Nashville Symphony has become the top selling Naxos orchestra for Compact Disks and the performance hall has garnered stellar reviews. In addition, the Nashville Symphony presents recitals, choral concerts, cabaret, jazz, and world music events. With the Schermerhorn Symphony Center's debut, the Tennessee Performing Arts Center, a State cultural facility in Downtown Nashville which contains a 2,442-seat concert hall, a 1,054 seat legitimate theater and a 300 seat flexible theater, is now able to feature a multitude of additional cultural events each year.

The Frist Center for the Visual Arts opened in the spring of 2001 in Nashville's historic downtown post office building. A public-private partnership between the Metropolitan

Government, the Frist Foundation and the Dr. Thomas F. Frist, Jr. family, the Center contains more than 24,000 square feet of gallery space capable of showcasing major national and international visual arts exhibitions. The Frist Center does not intend to build a permanent art collection but will instead place special emphasis on education, arts-related programs for the school children of Nashville, and community outreach. The Center will give Nashville the ability to host significant art shows that have not exhibited here in the past.

The Tennessee State Museum, the Cheekwood Botanical Gardens and Fine Arts Center, The Tennessee Performing Arts Center, the Adventure Science Center, and the Parthenon supplement educational and cultural opportunities in the City.

The Parthenon is a full-scale replica of the original in Athens Greece. The reproduction was built to honor Nashville's reputation for education and has attracted visitors since 1897. The recently restored building features a 41' tall gilded statue of Athena. Close ties have been established between Nashville and Athens Greece to market and promote the two complimentary buildings.

The Adventure Science Center and the Nashville Zoo provide opportunities for Nashville's adults and children to learn how science and wildlife affect their lives. The Adventure Science Center is undergoing expansion of the building which will feature a state-of-the-art Planetarium. The current Center features exhibits and programs which focus on geology, zoology, ecology, physics and other sciences. The Nashville Zoo is continuing its multi-year, multi-million dollar expansion program. The Zoo property is built around the historic Grassmere Home and features an ever-expanding display of animals from throughout the world.

Sources: Various publications of the Metropolitan Government of Nashville and Davidson County

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LARGEST EMPLOYERS

The largest employers in the Municipality in FY 2012 were as follows:

<u>Employer</u>	<u>Product/Service</u>	<u>Fiscal Year 2012</u>	
		<u>Total</u>	<u>Rank</u>
			1
			2
			3
			4
			5
			6
			7
			8
			9
			10

Source:

EMPLOYMENT INFORMATION

The chart below depicts the average annual employment and unemployment trends (on a seasonally adjusted basis) for the last several years:

<u>Location</u>	<u>Average Annual Employment Trends</u>									
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
United States	8.9%	9.6%	9.3%	5.8%	4.6%	4.6%	5.1%	5.5%	6.0%	5.8%
Tennessee	9.2%	9.8%	10.4%	6.6%	4.9%	5.2%	5.6%	5.6%	5.8%	5.1%
Cheatham County										
✓ County Workforce										
✓ County Employment										
✓ County Unemployment										

Source: Tennessee Department of Labor and Workforce Development "Labor Force and Nonfarm Employment Estimates"

In July 2012, the estimated County workforce totaled _____ and employment was estimated at _____. _____ were estimated to be unemployed leaving an estimated unadjusted unemployment rate of ___ percent. Nationally, the unemployment rate was ___ percent seasonally adjusted or _____ percent less than the rate for the State of Tennessee of ___ percent (seasonally adjusted).

Source: Tennessee Department of Employment Security, CPS Labor Force Estimates Summary and Bureau of Labor Statistics.

ECONOMIC DATA

The following chart depicts the annual average per capita personal income national and for both the Town and the State of Tennessee.

<u>Location</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
National	\$39,937	\$38,846	\$40,947	\$39,506	\$37,725	\$35,452	\$33,909	\$32,295	\$31,481	\$31,157
Tennessee	\$34,921	\$33,774	\$35,112	\$34,221	\$32,885	\$30,327	\$30,285	\$29,041	\$28,162	\$27,551
Ashland City										
Town vs. U.S.										
Town vs. State										

Source: US Commerce Department - Bureau of Economic Analysis;

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FINANCIAL INFORMATION

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non - fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (i) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (in grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, state shared revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current

fiscal period using the criteria specified in the paragraph above. All other revenue items are considered to be measurable and available only when cash IS received by the government.

The government reports the following major governmental fund:

The General Fund is the government's primary operating fund. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Project Fund was established to account for capital improvements to infrastructure damaged by the flood in May 2010 and the related funding thereof.

The government reports the following major proprietary fund:

The Water and Sewer Fund accounts for the water and waste water services provided to customers of the system.

The Town has adopted GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting. The Town applies all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions; issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The Town has elected *not* to apply F ASB Statements and interpretations issued after November 30, 1989.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu taxes and other charges between the government's utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Amounts reported as program revenues include (i) charges to customers or applicants for goods services, or privileges provided, (ii) operating grants and contributions, and (iii) capital grants and contributions. General revenues include all taxes and internally dedicated resources.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal on-going operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Source: Annual Financial Reports of the City

FUND BALANCES

The following table depicts fund balances for the last 5 fiscal years ending June 30th:

<u>Fund Type</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General					
Capital Projects					
Other Governmental					
Total:					

Source: Annual Financial Reports of the City

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TOWN OF ASHLAND CITY, TENNESSEE
DEBT STRUCTURE
SUMMARY OF BONDED INDEBTEDNESS

As of June 30, 2012

The following section outlines various important factors related to the outstanding debt of the Town.

Amount Issued - (1)	Purpose	Due Date	Interest Rates	Debt Outstanding
\$ 8,000,000	TMBF Loan [April 2001] ⁽³⁾	May 2021	Variable	\$ 1,905,000
3,175,000	Water and Sewer Revenue and Tax Refunding Bonds, Series 2002	December 2015	Fixed	820,000
1,745,000	Water and Sewer Revenue and Tax Refunding Bonds, Series 2005	July 2019	Fixed	905,000
3,100,000	RDA Loan 2005	November 2044	Fixed	2,804,140
1,745,000	Radford Building Capital Outlay Notes	2014	Fixed	50,000
1,745,000	Capital Outlay Notes, Series 2007	2019	Fixed	253,000
19,510,000	Total Existing Debt			6,737,140
2,780,000	General Obligation Refunding Bonds, Series 2012			2,780,000
<u>(1,650,000)</u>	Less: Water and Sewer Bonds Refunded			<u>(1,650,000)</u>
\$ 20,640,000	Total Debt Outstanding			\$ 7,867,140
\$ 2,780,000	General Obligation Refunding Bonds, Series 2012			\$ 2,780,000
\$ (2,787,747)	Less: Water and Sewer Debt Refunded			\$ (2,787,747)
<u>(20,632,253)</u>	Less: Revenue Supported Debt			<u>(7,859,393)</u>
<u>\$ (0)</u>	NET DIRECT DEBT			<u>\$ (0)</u>

NOTES:

(1) Does not include capitalized leases or compensated absences, if any. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS included herein.

(2) Average interest rate - 3.481%.

(3) As of January 2005, the Town had borrowed \$3,667,715.29 of the \$8,000,000 originally authorized.

**TOWN OF ASHLAND CITY, TENNESSEE
INDEBTEDNESS AND DEBT RATIOS**

INTRODUCTION

The information set forth in the following table is based upon information derived from the General Purpose Financial Statements, including those for the most recent reporting period which are included as Appendix C. This table should be read in conjunction with those statements. The table does not include future funding plans, if any.

INDEBTEDNESS	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
TAX SUPPORTED						
General Obligation Bonds & Notes - (1)	\$ -	\$ 247,500	\$ 247,500	\$ -	\$ -	\$ -
TOTAL TAX SUPPORTED	<u>\$ -</u>	<u>\$ 247,500</u>	<u>\$ 247,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
REVENUE SUPPORTED						
Water & Sewer Bonds and Loans - (2)	\$ 5,915,000	\$ 6,373,397	\$ 13,600,000	\$ 12,775,000	\$ 12,086,000	\$ 7,867,140
TOTAL REVENUE SUPPORTED	<u>\$ 5,915,000</u>	<u>\$ 6,373,397</u>	<u>\$ 13,600,000</u>	<u>\$ 12,775,000</u>	<u>\$ 12,086,000</u>	<u>\$ 7,867,140</u>
TOTAL DEBT	\$ 5,915,000	\$ 6,620,897	\$ 13,847,500	\$ 12,775,000	\$ 12,086,000	\$ 7,867,140
Less: Revenue Supported Debt	(5,915,000)	(6,373,397)	(13,600,000)	(12,775,000)	(12,086,000)	(7,867,140)
Less: Debt Service Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET DIRECT DEBT	\$ -	\$ 247,500	\$ 247,500	\$ -	\$ -	\$ -
OVERLAPPING DEBT - (3)	\$ 7,551,528	\$ 6,918,906	\$ 6,774,666	\$ 6,029,551	\$ 5,673,579	\$ 5,673,579
NET DIRECT & OVERLAPPING DEBT	\$ 7,551,528	\$ 7,166,406	\$ 7,022,166	\$ 6,029,551	\$ 5,673,579	\$ 5,673,579
PROPERTY TAX BASE - (4)						
Estimated Actual Value	\$ 232,353,183	\$ 255,793,943	\$ 271,323,391.00	\$ 274,478,363.00	\$ 276,299,607.00	\$ 284,919,725.00
Estimated Appraised Value	232,353,183	228,961,158	271,323,391	274,478,363	262,097,807	267,026,766
Assessed Value	73,066,556	71,124,258	81,776,761	85,091,315	81,251,377	89,632,037
Source: Tax Aggregate Reports and the Town..						

(1) Does not include compensated absences or capitalized leases. See the Notes to the Financial Statements in Appendix C for additional details.

(2) As of January 2005, the Town had borrowed \$3,667,715.29 of the \$8,000,000 originally authorized of the TMBF variable rate loan.

(2) OVERLAPPING DEBT Includes the Town's portion of Cheatham County's debt. Best available information.

(3) The most recent reappraisal of property was effective January 1, 2001. The next reappraisal of property will be in 2007.

TOWN OF ASHLAND CITY, TENNESSEE
DEBT SERVICE REQUIREMENTS - Revenue/Tax-Backed

Year Ending June 30	PRINCIPAL REQUIREMENTS				Percent Total Debt Retired	INTEREST REQUIREMENTS				Total Debt Service Requirements
	Outstanding Debt - (1)	Current Issue	Bonds Refunded - (2)	Total Principal		Outstanding Debt	Current Issue - (3)	Bonds Refunded - (2)	Total Interest	
2013	\$ 697,060	\$ 55,000	\$ (23,546)	\$ 728,514		\$ 308,892	\$ 37,038	\$ (71,165)	\$ 274,766	\$ 1,003,280
2014	719,853	85,000	(41,792)	763,061		277,803	72,313	(120,569)	229,546	992,608
2015	717,727	85,000	(43,665)	759,062		245,139	71,463	(118,696)	197,905	956,968
2016	746,684	90,000	(45,621)	791,063		211,726	69,763	(116,739)	164,749	955,812
2017	544,730	90,000	(47,666)	587,064	53.92%	180,980	67,963	(114,695)	134,248	721,312
2018	563,866	95,000	(49,802)	609,064		153,602	66,163	(112,559)	107,206	716,270
2019	227,098	95,000	(52,034)	270,064		129,206	64,263	(110,327)	83,142	353,206
2020	91,431	95,000	(54,366)	132,065		109,706	62,363	(107,995)	64,074	196,139
2021	56,867	100,000	(56,802)	100,065		105,494	60,463	(105,559)	60,398	160,463
2022	59,413	100,000	(59,348)	100,065	71.92%	102,948	58,213	(103,013)	58,148	158,213
2023	62,072	105,000	(62,008)	105,064		100,289	55,963	(100,353)	55,898	160,963
2024	64,821	105,000	(64,786)	105,035		97,510	53,338	(97,574)	53,273	158,308
2025	67,754	110,000	(67,690)	110,064		94,607	50,450	(94,671)	50,386	160,450
2026	70,787	110,000	(70,723)	110,064		91,574	47,425	(91,637)	47,362	157,425
2027	73,956	115,000	(73,893)	115,063	80.03%	88,405	44,400	(88,468)	44,337	159,400
2028	77,267	115,000	(77,204)	115,063		85,094	41,238	(85,156)	41,175	156,238
2029	80,725	120,000	(80,664)	120,061		81,635	38,075	(81,697)	38,013	158,074
2030	84,339	125,000	(84,279)	125,060		78,022	34,775	(78,082)	34,715	159,775
2031	88,115	130,000	(88,056)	130,059		74,246	31,025	(74,305)	30,966	161,025
2032	92,059	130,000	(92,002)	130,057	89.25%	70,302	27,125	(70,358)	27,069	157,125
2033	96,180	135,000	(96,126)	135,054		66,181	23,225	(66,235)	23,171	158,225
2034	100,486	140,000	(100,433)	140,053		61,875	19,175	(61,927)	19,123	159,175
2035	104,984	145,000	(104,934)	145,050		57,377	14,625	(57,427)	14,575	159,625
2036	109,683	150,000	(109,637)	150,046		52,678	9,913	(52,724)	9,867	159,913
2037	114,593	155,000	(114,550)	155,043	100.02%	47,768	5,038	(47,811)	4,995	160,038
2038	119,723		(119,684)	39		42,638		(42,677)	(39)	0
2039	125,083		(125,048)	35		37,278		(37,313)	(35)	0
2040	130,682		(130,652)	30		31,679		(31,709)	(30)	0
2041	136,532		(136,507)	25		25,829		(25,854)	(25)	0
2042	142,644		(142,624)	20	100.03%	19,717		(19,737)	(20)	0
2043	149,029		(149,016)	13		13,332		(13,345)	(13)	0
2044	155,700		(155,694)	6		6,661		(6,667)	(6)	0
2045	65,167		(66,894)	(1,727)	100.00%	736		(736)	(0)	(1,727)
	<u>\$ 6,737,110</u>	<u>\$ 2,780,000</u>	<u>\$ (2,787,747)</u>	<u>\$ 6,729,363</u>		<u>\$ 3,150,929</u>	<u>\$ 1,125,788</u>	<u>\$ (2,407,780)</u>	<u>\$ 1,868,938</u>	<u>\$ 8,598,301</u>

(1) Does not include capitalized leases, capital outlay notes or compensated absences, if any. For more information, see the Summary of Bonded Indebtedness and the Notes to Financial Statements included in Appendix C.

(2) For more information on Outstanding Bonds to be refinanced, see the section entitled SECURITIES OFFERED - Refunding Plan.

(3) Average interest rate - 3.481%.

Town of Ashland City, Tennessee
Five Year Summary of Revenues, Expenditures and
Changes In Fund Balances - General Fund

	For the Fiscal Year Ended June 30				
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Revenues					
Taxes	\$ 2,029,433	\$ 1,900,175	\$ 1,958,860	\$ 2,032,218	\$ 2,169,243
Licenses and Permits	35,050	64,883	51,436	34,863	89,300
Intergovernmental	401,549	367,093	455,481	344,164	521,345
Fines and forfeits	121,606	122,279	105,690	122,643	163,129
Miscellaneous	228,317	276,784	196,868	139,961	128,290
Total Revenues	\$ 2,815,955	\$ 2,731,214	\$ 2,768,335	\$ 2,673,849	\$ 3,071,307
Expenditures					
General government	\$ 203,316	\$ 230,285	\$ 192,971	\$ 244,452	\$ 434,607
Public safety	639,023	821,868	836,052	1,011,450	1,253,747
Public works	257,219	232,713	159,744	162,270	292,338
Codes Administration	48,411	50,101	51,859	72,351	90,315
Engineering	5,591	-	-	-	-
Recreation	106,331	123,414	151,801	217,197	216,000
City Court	68,004	69,931	63,263	80,940	98,149
Senior Citizens	-	-	44,935	61,970	64,226
Miscellaneous	90,851	81,699	106,248	93,510	-
Debt Service	74,141	71,202	126,065	378,714	62,643
Capital Outlay	260,458	560,931	398,028	1,571,163	1,806,179
Total Expenditures	\$ 1,753,345	\$ 2,242,144	\$ 2,130,966	\$ 3,894,017	\$ 4,318,204
Excess of Revenues					
Over (Under) Expenditures	\$ 1,062,610	\$ 489,070	\$ 637,369	\$ (1,220,168)	\$ (1,246,897)
Other Financing Sources					
(Uses)					
Transfers In - Bond Proceeds	\$ -	\$ 247,500	\$ -	\$ -	\$ -
Transfers Out	-	-	-	-	(22,345)
Proceeds - Lease/Purchase	-	-	-	-	-
Transfers - Escrow Agent	-	-	-	-	-
Total	\$ -	\$ 247,500	\$ -	\$ -	\$ (22,345)
Excess of Revenues					
Over (Under) Expenditures					
& Other Uses	\$ 1,062,610	\$ 736,570	\$ 637,369	\$ (1,220,168)	\$ (1,269,242)
Fund Balance July 1	2,745,009	3,807,619	4,593,665	5,231,034	4,157,148
Residual Equity Transfers	-	-	-	-	-
Prior Period Adjustment	-	49,477	-	146,282	-
Fund Balance June 30	\$ 3,807,619	\$ 4,593,666	\$ 5,231,034	\$ 4,157,148	\$ 2,887,906

NOTES:

(1) During fiscal year 2005, the Town adopted and implemented GASB Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments. For additional information, see the Note 1 of the Notes to the Financial Statements included in Appendix C.

Source: Comprehensive Annual Financial Reports of the Town of Ashland City.

Town of Ashland City, Tennessee
Five Year Summary of Revenues, Expenses and
Changes in Net Assets - Water and Sewer Fund

	For the Fiscal Year Ended June 30				
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Operating Revenues					
Metered water sales	\$ 761,326	\$ 785,774	\$ 1,040,942	\$ 1,040,326	\$ 1,058,522
Sewer revenue	479,363	532,962	673,443	664,786	699,417
Tap and connection fees	48,050	177,453	50,683	65,036	251,107
Penalties and forfeitures	34,284	32,097	44,840	39,561	-
Fire hydrant rental	-	-	-	-	-
Other	2,643	986	45	8,943	39,433
Total Operating Revenues	<u>\$ 1,325,666</u>	<u>\$ 1,529,272</u>	<u>\$ 1,809,953</u>	<u>\$ 1,818,652</u>	<u>\$ 2,048,479</u>
Operating Expenses					
Personnel costs	\$ 245,008	\$ 400,735	\$ 448,363	\$ 526,021	\$ 534,297
Operating costs	196,696	290,637	228,145	294,408	293,269
Repairs and maintenance	116,813	94,175	71,073	169,604	85,225
Insurance	2,345	14,943	15,613	13,192	24,293
Depreciation	203,784	214,868	238,038	332,288	383,930
Other	31,702	36,550	27,284	27,595	34,689
Total Operating Expenses	<u>\$ 796,348</u>	<u>\$ 1,051,908</u>	<u>\$ 1,028,516</u>	<u>\$ 1,363,108</u>	<u>\$ 1,355,703</u>
Operating Income	\$ 529,318	\$ 477,364	\$ 781,437	\$ 455,544	\$ 692,776
Non-Operating Revenues (Expenses)					
Interest on Investments	\$ 117,140	\$ 72,952	\$ 24,042	\$ 21,277	\$ 11,899
Interest Expense	(317,003)	(339,937)	(319,533)	(237,192)	(253,275)
Other	-	-	-	-	-
Total Non-Operating Rev. (Exp.)	<u>\$ (199,863)</u>	<u>\$ (266,985)</u>	<u>\$ (295,491)</u>	<u>\$ (215,915)</u>	<u>\$ (241,376)</u>
Net Income (Loss)	\$ 329,455	\$ 210,379	\$ 485,946	\$ 239,629	\$ 451,400
Contributions	5,926	5,926	-	-	-
Net Assets - PY	1,618,245	4,252,695	4,463,074	4,949,019	5,188,648
Change in Contributed Capital	330,784	(5,926)	-	-	-
Net Assets	<u>\$ 4,252,695</u>	<u>\$ 4,463,074</u>	<u>\$ 4,949,020</u>	<u>\$ 5,188,648</u>	<u>\$ 5,640,048</u>

NOTES:

Note: During fiscal year 2004, the Town adopted and implemented GASB Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments. The numbers shown in fiscal years prior to fiscal year 2004 are displayed in the format above for comparison purposes from information contained in the Comprehensive Annual Financial Reports of the City. For additional information, see the Note 1 of the Notes to the Financial Statements included in Appendix C.

Source: Comprehensive Annual Financial Reports of the Town of Ashland City.

	<u>Water - Inside City</u>	<u>Water - Inside City</u>	<u>Sewer</u>
Base Charge (min. bill) All per 1,000 gallons	\$ 6.70	\$ 10.30	\$ 6.15
First 3,000 gallons	5.20	5.20	4.70
Next 3,000 gallons	4.70	4.70	4.30
Next 4,000 gallons	4.40	4.40	3.90
Next 10,000 gallons	4.10	4.10	3.50
Next 80,000 gallons	4.10	4.10	3.50
Over 100,000 gallons	4.10	4.10	3.50

Water and Sewer Income Statement

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BUDGETARY PROCESS

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Mayor and Budget Committee submit to the Board of Aldermen the proposed operating budget for the fiscal year. The operating budgets for the General and Special Revenue Funds include proposed expenditures and the means of financing them. All appropriations in the current operating budget lapse into fund balance of the respective funds at the end of the fiscal year.

2. The budgets passed on the first reading and each of the following readings, and was adopted by ordinance on the second reading. In no event shall total appropriations for any fund exceed the estimated revenues and fund balance.

3. The amounts in the adopted budgets for each fund constitute its total annual appropriation and no expenditure may be made which will result in the annual appropriation for the fund being exceeded, unless any additional appropriation is made.

4. The Mayor and Department Heads may transfer appropriations within the same department or other changes in appropriations require board approval. Budgetary control is considered established at the department level.

5. Budgeted amounts shown are those originally adopted and amended by the Mayor and Board of Aldermen. All balances of appropriations in the current operating budgets lapse into the fund balance of the fund which appropriations were made at the end of the fiscal year.

6. Budgets for the General and Special Revenue Funds (other than Senior Citizen Fund which is not budgeted) are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Source: Annual Financial Reports of the City

INVESTMENT AND CASH MANAGEMENT PRACTICES

Deposits

The Town is authorized to invest funds in financial institutions and direct obligations of the Federal Government. During 2011, the Town invested in short-term certificates of deposit saving accounts and the Tennessee Local Government Investment Pool.

Custodial

Credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned or the Town will not be able to recover collateral securities in the possession

of an outside party. The Town's policy requires that deposits be either (i) secured and collateralized by the institutions at 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance or (ii) that deposits be placed in financial institutions that participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. Institutions participating in the collateral pool determine the aggregated balance of their public fund accounts.

The amount of collateral required to secure these public deposits must be at least 105% of the average daily balance of public deposits held.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Town of Ashland City's policy provides that to the extent practicable, investments are matched with anticipated cash flows.

Source: Annual Financial Reports of the City

PROPERTY TAX

Introduction. Sumner County and the Town are authorized to levy a tax on all property within the County and the Town without limitation as to rate or amount.

In accordance with the State constitutional and statutory provisions, all real and personal property is assessed by the County Property Tax Assessor. Most utility property is assessed directly by the State. All property taxes are due on October 1st of each year based upon appraisals as of January 1st of the same calendar year. All property taxes are delinquent on June 1st of the subsequent calendar year. Delinquent taxes begin accumulating interest and penalties on that date. In order to collect delinquent taxes, lawsuits must be filed in Chancery Court within a ten-year period of the delinquency date. After the Chancery Court is filed by the County or the City, additional costs are incurred and attached to delinquent property

Reappraisal Program. Title 67, Chapter 5, Part 16, *Tennessee Code Annotated*, as supplemented and amended requires that all property in the State will be reappraised on a continuous cycle composed of an on-sight review of each parcel. Periodic valuations and indices are established for the jurisdiction by the State Board of Equalization in order to maintain real property values at full value as defined in Title 67, Chapter 5, Part 6, *Tennessee Code Annotated*. The State Board of Equalization is also required to consider a plan submitted by a local assessor that may be used in lieu of indexing which would have the effect of maintaining real property values at full value.

Title 67, Chapter 5, Part 17, *Tennessee Code Annotated*, provides that at such time as such reappraisal and reassessment processes are completed in a particular county, the respective governing bodies of the county and the municipalities located therein shall determine and certify a tax rate which will provide the same *ad valorem* tax revenue for the respective jurisdiction as was levied prior to reappraisal and reassessment. In computing the new tax rate, the estimated assessed

value of all new construction and improvements placed on the tax rolls since the previous year, and the assessed value of all deletions from the previous tax roll are excluded. The new tax rate therefore, is derived from a comparison of tax revenues, tax rates and assessed values of property on the tax roll in both the year before and the year after the reappraisal. The effect of the reappraisal and reassessment statutes is to adjust the property tax rate downward to prevent a taxing unit from collecting additional property tax revenues as a result of reappraisal. Once a county or a Town complies with State law and certifies a tax rate which provides the same property tax revenue as was collected for reappraisal, its governing body may vote to approve a tax rate change which would produce more or less tax revenue.

Assessed Valuation. Cheatham County is on a ___-year appraisal cycle. The most recent County-wide appraisal took place in 20__ (fiscal year 20__). The next County-wide appraisal will be effective in 20__ (fiscal year 20__). A ratio adjustment was done in 20__ and another is scheduled for 20__. Public utility assessments have been equalized and certified by the State after adjustment resulting from reappraisals or from sales studies.

The following chart depicts selected assessed values and estimated actual values for the most recent ten tax years:

Real Property										
<u>FY</u>	<u>Tax Year</u>	<u>Commercial/Industrial</u> ⁽¹⁾	<u>Residential</u>	<u>Farm/Other Property</u> ⁽²⁾	<u>Tangible/Intangible Personal Property</u> ⁽³⁾	<u>Public Utility Property</u>	<u>Total Assessed Value</u>	<u>Appraisal Ratio</u>	<u>Estimated Actual Value</u>	<u>City Tax Rate</u>
2012	2011									
	2011									
	2010									
	2009*									
	2009									
	2008									
	2008									
	2007									
	2007									
	2006									
	2006									
	2005									
	2005									
	2004									
	2004									
	2003									
	2003									
	Rate	25%	40%	25%	30%/40%	55%				

⁽¹⁾ Includes mineral assessments, if any.

⁽²⁾ Includes Farm, Agricultural and Other Property.

⁽³⁾ There are no intangible assessments at 40 percent included.

* Reappraisal Year

Source: Tax Aggregate Reports of Tennessee published by the State Board of Equalization.

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Property Tax Rates and Collections. The following table shows the property tax rates and collections of the Municipality for the last ten Tax Years as well as the aggregate uncollected balances for each fiscal year ending June 30, 2011.

<u>FY</u>	<u>Tax Year</u>	<u>Assessed Valuation</u>	<u>City Tax Rate</u>	<u>Co. Tax Rate</u>	<u>Taxes Levied</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Outstanding Delinquent Taxes</u>
2012	2011									
2011	2010									
2010	2009*									
2009	2008									
2008	2007									
2007	2006									
2006	2005									
2005	2004*									
2004	2003									
2003	2002									

* Reappraisal Year

Source: Aggregate Tax Reports of the State of Tennessee and the Annual Financial Reports of the City

Ten Largest Taxpayers. For the fiscal year ending June 30, 2011 (tax year 2010), the ten largest taxpayers in Ashland City were as follows:

<u>Taxpayer</u>	Fiscal Year 2011		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percent of Total Assessed Value</u>
		1	
		2	
		3	
		4	
		5	
		6	
		7	
		8	
		9	
		10	

Source: Annual Financial Reports of the City

LOCAL OPTION SALES AND USE TAX

Pursuant to applicable provisions of Title 67, Chapter 6, Part 7 of *Tennessee Code Annotated* as amended, (the "Local Sales Tax"), the County levies a county - wide local option sales tax. Under the Local Sales Tax, counties and incorporated cities may levy a sales tax on the same privileges on which the State levies its sales tax. The rate of any sales tax levied by a county or town is limited under State law to two and three-fourths percent (2.75%).

Pursuant to the Local Sales Tax, the levy of a sales tax by a county precludes any city or town within the county from levying a sales tax, but a Town or town may levy a sales tax in addition to the county's sales tax at a rate not exceeding the difference between the county sales tax rate and the maximum local option sales tax rate of two and three fourths percent (2.75%). If a city or town is located in more than one county, each portion of the city or town that is located in a separate county is treated as a separate Town or town for purposes of determining the maximum sales tax rate.

The revenues from the county - wide sales taxes are distributed pursuant to the provisions of the Local Sales Tax and other provisions of the *Tennessee Code Annotated*. Fifty percent (50 percent) of the revenues raised through the county - wide sales taxes are directed to educational purposes and are distributed to all organized school systems in the county in which the taxes are collected based upon the average daily attendance of each school system. The balance of the sales tax collections are divided between the general fund of the county in which the taxes are collected and all incorporated cities or towns in such county based upon the sites of collection, unless a separate agreement has been ratified concerning the distribution of these funds.

Since fiscal year 1999, the Town of Ashland City has levied an additional one-half percent tax over and above the amount imposed by Cheatham County. Local Sales Taxes collected by Cheatham County and shared with the Town at the higher rate for collections within the Town pursuant to State statutory authorities are based on the current rate of two and three-quarters percent (2.75%) for the most recent fiscal years are outlined below:

<u>Fiscal Year</u>	<u>Collections</u> ⁽¹⁾	<u>Percentage Increase</u>
2011		
2010		
2009		
2008		
2007		
2006		
2005		
2004	1,401,028	11.13%
2003	1,260,677	1.01%
2002	1,248,054	(0.17%)

Source: Annual Financial Reports of the City

⁽¹⁾ For fiscal years 1999 forward, all amounts include the Town's portion of the County-wide Local Option Sales Tax and the one-half percent Town imposed Local Option Sales Tax. Currently, the total Town and County Local Option Sales Tax is two and three-quarters in the Town and two and one-quarter in the rest of Cheatham County.

PENSION PLANS

Plan Summary. Employees of the Town of Ashland City are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with 5 years of service, or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after 5(five) years of service and members joining prior to July 1, 1979 were vested after 4 (four) years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Ashland City participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body. The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee

Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy. Ashland City is required to contribute at an actuarially determined rate; the rate for fiscal year ending June 30, 2011 was 6.58% of annual covered payroll. The contribution requirements of plan members are set by state statute. Contribution requirements for Ashland City are established and may be amended by the TCRS Board of Trustees.

For additional information on the funding status, trend information and actuarial status of the City's retirement programs, please refer to the appropriate Notes to Financial Statements located in the Annual Financial Statements of the Town included as APPENDIX D.

Source: Annual Financial Reports of the City

OTHER POST EMPLOYMENT BENEFITS

The Town does not offer retirees Other Post-Employment Benefits.

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**FORM OF CONTINUING DISCLOSURE
AGREEMENT**

FORM OF
TOWN OF ASHLAND CITY, TENNESSEE
\$ _____ GENERAL OBLIGATION REFUNDING
BONDS, SERIES 2012

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered this ____ day of _____, 2012 by the Town of Ashland City, Tennessee (the "Issuer") in connection with the issuance of its \$ _____ General Obligation Refunding Bonds, Series 2012 (the "Bonds"). The Bonds are being issued pursuant to resolutions adopted by the Board of Mayor and Aldermen of the Issuer on September 11, 2012 (the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to the Rule and this Disclosure Certificate.

"Beneficial Owner" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" means the Issuer or any successor designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Fiscal Year" shall mean any period of twelve consecutive months adopted by the Issuer as its fiscal year for financial reporting purposes and shall initially mean the period beginning on July 1 of each calendar year and ending June 30 of the following calendar year.

"Listed Events" shall mean any of the events listed in Section 5 of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any successor thereto.

"Official Statement" shall mean the *Official Statement* dated September __, 2012, relating to the Bonds.

"Participating Underwriter" shall mean Sterne, Agee & Leach, Inc.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Tennessee.

"State Depository" shall mean any public or private depository or entity designated by the State as a state depository to which continuing disclosure information shall be sent pursuant to State law. As of the date of this Disclosure Certificate, there is no State Depository.

SECTION 3. Provision of Annual Reports. Not later than one year after the end of the Fiscal Year, commencing with Fiscal Year ending June 30, 2012, the Issuer shall provide an Annual Report to the MSRB at www.emma.msrb.com and to the State Depository, if any. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate. Notwithstanding the foregoing, the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report when such audited financial statements are available. In the event that the audited financial statements are not included with the Annual Report and will be submitted at a later date, the Issuer shall include unaudited financial statements of the Issuer in the Annual Report and shall indicate in the Annual Report the date on which the audited financial statements of the Issuer will be submitted. The audited financial statements of the Issuer, when available, will be provided to the MSRB and to the State Depository, if any. If the Annual Report (or audited financial statements which were to be separately submitted) is not timely filed, the Issuer shall in a timely manner send a notice to the MSRB and to the State Depository, if any. To its knowledge, the Municipality has not failed to comply in the last five years with any previous undertakings with regard to said Rule to provide Annual Reports or notices of events.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the Comprehensive Annual Financial Report of the Issuer for the fiscal year, prepared in accordance with generally accepted accounting principles; provided, however, if the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained herein, and the audited financial statements shall be

filed when available. The Annual Report shall also include in a similar format the following information included in Appendix B to this *Official Statement* as follows:

1. Fund Balances;
2. Summary of bonded indebtedness as of the end of such fiscal year;
3. The indebtedness and debt ratios as of the end of such fiscal year, together with information about the property tax base;
4. Information regarding tax backed debt service requirements;
5. Summary of revenues, expenditures and changes in fund balances - general fund for the fiscal year;
6. The estimated assessed value of property in the Town for the tax year ending in such fiscal year and the total estimated actual value of all taxable property for such year;
7. Property tax rates and tax collections of the Town for the tax year ending in such fiscal year as well as the uncollected balance for such fiscal year;
8. The ten largest taxpayers; and
9. Local Option Sales and Use Tax Collections.

Any or all of the items above may be incorporated by reference from other documents, including Official Statements in final form for debt issues of the Issuer or related public entities, which have been filed with the Securities and Exchange Commission or are available from the MSRB at emma.msrb.org. If the document incorporated by reference is a final Official Statement, in final form, it will be available from the MSRB at emma.msrb.org. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events. The Issuer will file notice regarding certain significant events with the MSRB and SID, if any, as follows:

1. Upon the occurrence of a Listed Event (as defined in (3) below), the Issuer shall in a timely manner, but in no event more than ten (10) business days after the occurrence of such event, file a notice of such occurrence with the MSRB and State Depository, if any.
2. For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the Issuer shall determine the materiality of such event as soon as possible after learning of its occurrence.

3. The following are the Listed Events:
- a. Principal and interest payment delinquencies;
 - b. Non-payment related defaults, if material;
 - c. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - d. Unscheduled draws on credit enhancements reflecting financial difficulties;
 - e. Substitution of credit or liquidity providers, or their failure to perform;
 - f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
 - g. Modifications to rights of Bondholders, if material;
 - h. Bond calls, if material, and tender offers;
 - i. Defeasances;
 - j. Release, substitution, or sale of property securing repayment of the securities, if material;
 - k. Rating changes;
 - l. Bankruptcy, insolvency, receivership or similar event of the obligated person;
 - m. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
 - n. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

SECTION 6. Dissemination Agent. The Issuer may, from time to time, appoint a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and the Issuer may, from time to time, discharge the dissemination agent, with or without appointing a successor dissemination agent. If at any time there is not a designated dissemination agent, the Issuer shall be the dissemination agent.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 8. Amendment. Notwithstanding any other provision of the Disclosure Certificate, the Issuer may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions concerning the Annual Report and Reporting of Significant Events it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the

identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized Bond Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of the Holders, or (ii) does not, in the opinion of nationally recognized Bond Counsel, materially impair the interests of the Holders or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of the Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of any party to comply with this Disclosure Certificate shall be an action to compel performance. The cost to the Issuer of performing its obligations under the provisions of this Disclosure Certificate shall be paid solely from funds lawfully available for such purpose.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The Dissemination Agent may consult with counsel (who may, but need not, be counsel for any party hereto or the Issuer), and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriter and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Intermediaries; Expenses. The Dissemination Agent is hereby authorized to employ intermediaries to carry out its obligations hereunder. The Dissemination Agent shall be reimbursed immediately for all such expenses and any other reasonable expense incurred hereunder (including, but not limited to, attorneys' fees).

SECTION 14. Governing Law. This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State.

SECTION 15. Severability. In case any one or more of the provisions of this Disclosure Certificate shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Disclosure Certificate, but this Disclosure Certificate shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

SECTION 16. Filings with the MSRB. All filings required to be made with the MSRB shall be made electronically at www.emma.msrb.org, shall be accompanied by identifying information as prescribed by the MSRB and shall be submitted in any other manner pursuant to, and in accordance with, SEC Release No. 34-59062.

TOWN OF ASHLAND CITY, TENNESSEE

By: _____
Mayor

APPENDIX D

TOWN OF ASHLAND CITY, TENNESSEE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED

JUNE 30, 2011

ELECTRONIC LINK

The Comprehensive Annual Financial Report for the Town of Ashland City, Tennessee as of and for the fiscal year ending June 30, 2011 is available through the Tennessee Comptroller of the Treasury official website at:

<http://www.comptroller.tn.gov/AuditsAndReportsSearch/CategorySearchResults.aspx>
(if not directly routed to list of audits, on the Release Date Search page
choose Municipal Audit, Ashland City under report title, and Search)

This document is hereby incorporated by reference as APPENDIX D.

To the extent there are any differences between the electronically posted Comprehensive Annual Financial Report of the Town of Ashland City and the printed Comprehensive Annual Financial Report of the Town of Ashland City, the printed version shall control.

The Municipality's current independent external auditor has not been engaged to perform and has not performed any procedures on the financial statements addressed in that report since the date of its report referenced herein nor have they performed any procedures relating to this *Official Statement*.