

**TOWN OF ASHLAND CITY, TENNESSEE  
PLAN OF REFUNDING**

**DATED SEPTEMBER 25, 2012**

<b>Bonds to be Refunded:</b>	<b>Series 2005 Bond</b>
<b>Original Principal Amount</b>	<b>\$3,000,000</b>
<b>Approximate Principal to be Refunded</b>	<b>\$2,793,553</b>
<b>Current Interest Rate</b>	<b>4.375%</b>
<b>Remaining weighted average maturity</b>	<b>19.652</b>

<b>Proposed Refunding Bond:</b>	<b>Water and Sewer Revenue and Tax Refunding Bond, Series 2012</b>
<b>Maximum Principal Amount</b>	<b>\$2,810,500</b>
<b>Proposed Interest Rate</b>	<b>2.26%</b>
<b>Maximum Costs of Issuance</b>	<b>\$ 16,761</b>
<b>Weighted average maturity of refunding bond</b>	<b>14.150</b>

**Savings Summary:**

<b>Proposed interest rate</b>	<b>2.26% (based on indicative rate)</b>
<b>Total savings</b>	<b>\$ 1,503,066</b>
<b>Net savings</b>	<b>\$ 1,486,119 (total savings less costs of issuance of \$16,761 and rounding amount of \$186)</b>

**NPV Savings as % of Series 2005 Bond:            39.26%**

For purposes of calculating the projected savings on the refunding, the Town has used the interest rate received by the Tennessee Municipal Bond Fund, which was obtained by TMBF after contacting several banks.

The Town requests approval of a private negotiated sale of the not exceed \$2,810,500 Water and Sewer Revenue and Tax Refunding Bond, Series 2012. The Town believes that a private negotiated sale

- is feasible,
- is in the best interests of the Town, and
- that the Water and Sewer Revenue and Tax Refunding Bond, Series 2012 can be amortized together with all other obligations then outstanding.
- The current debt service to the Town on the Series 2005 Bond is approximately \$162,300 annually. The proposed new annual debt service to the Town based on the indicative rate of 2.26% is approximately \$148,650. Therefore, the Town will have an overall lower debt service than it has now.

The private negotiated sale is feasible for the following reason –

First Tennessee Bank National Association, Nashville, Tennessee, has agreed to buy the refunding bond by negotiated sale as a private placement, subject to the necessary State approval and credit approval.

The private negotiated sale is in the best interests of the Town because –

First Tennessee Bank National Association, Nashville, Tennessee, has agreed to buy the refunding bond by negotiated sale at a rate of not to exceed 3%. The rate will be locked in for a period of 5 years and will be subject to review at the end of such 5 year period. For the reasons stated above, the Town feels that the negotiated sale versus a competitive public sale will increase the savings to the Town due to the lower costs of issuance for the negotiated sale versus a competitive public sale.

The Water and Sewer Revenue and Tax Refunding Bond, Series 2012 can be amortized together with all other obligations then outstanding.

The Initial Resolution was adopted and no protest was made at the time of the issuance of the Series 2005 Bond to be refunded.

Sources and Uses:

Source of Funds

Bond Proceeds	\$2,810,500
Total	\$2,810,500

Uses of Funds

Deposit to Current Refunding Account	\$2,793,553
Cost of Issuance	\$ 16,761
Rounding Amount	\$ 186
Total Uses	\$2,810,500

Attached hereto is a copy of the refunding bond resolution for your review.

Since the Refunding Bond will be sold as a private placement to a bank, there will not be a disclosure or offering document.

The total costs of issuance involved with the issuance of the Refunding Bond will be \$16,761 which consists of:

\$2,794 for bond and tax counsel which is Bone McAllester Norton, PLLC  
\$13,967 for TMBF for its fee, legal expenses, and other expenses

There are no other costs of issuance or ongoing costs.

**TOWN OF ASHLAND CITY WATER AND SEWER REVENUE AND TAX REFUNDING BOND,  
SERIES 2012 - NET PRESENT VALUE SAVINGS**

**Average Coupon of  
2012 WS Refunding Bond 2.26%**

**WS Revenue and Tax  
Refunded Principal \$2,793,553.00**

Year	RDA Series 2005 Bond	2012 Refunding WS Bond	Savings/(Loss)
	Current Annual Debt Service	Proposed Annual Debt Service	
1	\$162,356.00	144,959.00	\$17,397.00
2	\$162,356.00	148,653.00	\$13,703.00
3	\$162,356.00	148,686.00	\$13,670.00
4	\$162,356.00	148,675.00	\$13,681.00
5	\$162,356.00	148,619.00	\$13,737.00
6	\$162,356.00	148,517.00	\$13,839.00
7	\$162,356.00	148,370.00	\$13,986.00
8	\$162,356.00	148,178.00	\$14,178.00
9	\$162,356.00	147,940.00	\$14,416.00
10	\$162,356.00	148,658.00	\$13,698.00
11	\$162,356.00	148,307.00	\$14,049.00
12	\$162,356.00	148,912.00	\$13,444.00
13	\$162,356.00	148,448.00	\$13,908.00
14	\$162,356.00	148,940.00	\$13,416.00
15	\$162,356.00	148,363.00	\$13,993.00
16	\$162,356.00	148,742.00	\$13,614.00
17	\$162,356.00	148,052.00	\$14,304.00
18	\$162,356.00	148,318.00	\$14,038.00
19	\$162,356.00	148,515.00	\$13,841.00
20	\$162,356.00	148,645.00	\$13,711.00
21	\$162,356.00	\$148,707.00	\$13,649.00
22	\$162,356.00	\$148,701.00	\$13,655.00
23	\$162,356.00	\$148,628.00	\$13,728.00
24	\$162,356.00	\$148,486.00	\$13,870.00
25	\$162,356.00	\$148,277.00	\$14,079.00
26	\$162,356.00		
27	\$162,356.00		
28	\$162,356.00		
29	\$162,356.00		
30	\$162,356.00		
31	\$162,356.00		
32	\$162,356.00		
	<b>\$5,195,392.00</b>	<b>\$3,709,296.00</b>	<b>\$1,486,096.00</b>

**NPV Savings \$1,096,808.28**

**NPV Savings as % Refunded WS Bond Issues 39.26%**



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

September 28, 2012

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

Dear Mayor Johnson:

This letter acknowledges receipt on September 26, 2012, of a request to review a plan of refunding (the "Plan") for an issuance of not to exceed \$2,810,500 Water and Sewer Revenue and Tax Refunding Bonds, Series 2012B (the "2012B Bonds"). The 2012B Bonds will current refund, an estimated \$2,793,553 Water and Sewer Revenue and Tax Bonds, Series 2005 (the "Refunded Bonds").

Pursuant to the provisions of Title 9, Chapter 21, Tennessee Code Annotated, a plan must be submitted to our Office for review prior to the adoption of a resolution by the governing body of a local government authorizing the issuance of refunding bonds secured, in whole or in part, by the full faith and credit and unlimited taxing power of the Town. The information presented in the Plan includes the assertions of the Town and may not reflect either current market conditions or market conditions at the time of sale.

**Town's Proposed Refunding Objective**

The 2012 Bonds are being issued for debt service savings. The Plan estimates net present value savings of \$1,096,808 or 39.26% of the refunded principal.

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

The Town provided a copy of its debt management policy. When the Town submits Form CT-0253 within 45 days of issuance of the debt approved in this letter, the Town must describe, in specifics, how the debt complies with its Debt Policy. If a copy of the Policy has already been filed with the Office, the Town does not have to resubmit a copy of the Policy if it is the current version of the policy.

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

## **Private Negotiated Sale**

The approval of the Office of State and Local Finance is required when a municipality desires to sell refunding General Obligation debt through a negotiated sale process. The Town has requested approval to sell the Refunding Bonds through negotiated sale.

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

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

## **Report of the Review of a Plan of Refunding**

Distribute this letter and the enclosed report of the review of the Plan to the members of the Board of Mayor and Aldermen as required by Tennessee Code Annotated Section 9-21-903.

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

**The enclosed report does not constitute approval or disapproval for the proposed plan or a determination that a refunding is advantageous or necessary nor that any of the outstanding obligations should be called for redemption on the first or any subsequent available redemption date or remain outstanding until their respective dates of maturity.**

**This letter and the enclosed report do not address the compliance with federal tax regulations and are not to be relied upon for that purpose. The Town should discuss these issues with a bond counsel.**

*This report is effective for a period of one hundred and twenty (120) days. If the refunding has not been completed during this time, a supplemental plan of refunding must be submitted to this Office, at that time we will issue a report thereon pursuant to the statutes. In lieu of submitting a supplemental plan, a statement may be submitted to our Office after the 120-day period has elapsed stating that the information contained in the current plan of refunding remains valid. Such statement must be submitted by either the Chief Executive Officer or the Chief Financial Officer of the local government. We will acknowledge receipt of such statement and will issue our letter confirming that this refunding report remains valid for an additional 120-day period. However, with regard to the report currently being issued by this Office, during the initial 120-day period or any subsequent 120-day period no refunding reports will be issued relating to the debt obligations indicated herein as being refunded unless the Chief Executive Officer or the Chief Financial Officer notifies our Office that the plan of refunding which has been submitted is no longer valid.*

*We recognize that the information provided in the plan submitted to our Office is based on preliminary analysis and estimates, and that actual results will be determined by market conditions at the time of sale of the debt obligations. However, if it is determined prior to the issuance of these obligations that the actual results will be significantly different from the information provided in the plan which has been submitted, and the local government determines to proceed with the issue, our Office should subsequently be notified by either the Chief*

*Executive Officer or the Chief Financial Officer of the local government regarding these differences, and that the local government was aware of the differences and determined to proceed with the issuance of the debt obligations. Notification to our Office will be necessary only if there is an increase or decrease of greater than fifteen percent (15%) in any of the following: (1) the principal amount of the debt obligations issued; (2) the costs of issuance; (3) the cumulative savings or loss with regard to any refunding proposal. We consider this notification necessary to insure that this Office and officials of the local government are aware of any significant changes that occur with regard to the issuance of the proposed indebtedness.*

#### **MSRB Rule G-17**

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

These duties fall into three areas:

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

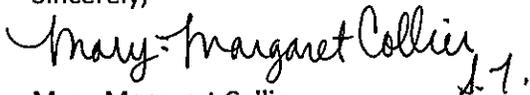
To learn more about the obligations the Town's underwriter (if applicable) and municipal advisor have to do, based on these duties, please read the information posted on the MSRB website: [www.msrb.org](http://www.msrb.org).

#### **Public Debt Entity Report**

Enclosed is a revised Form CT-0253 - Report on Debt Obligation. The Form CT-0253 must be filed with the governing body of the public entity issuing the debt not later than forty-five (45) days following the issuance or execution of a debt obligation by or on behalf of any public entity, with a copy (including attachments, if any) filed with the Director of the Office of State and Local Finance either by mail to the address on this letterhead or by email to the address below. No public entity may enter into additional debt if it has failed to file the Report on Debt Obligation.

[StateandLocalFinance.PublicDebtForm@cot.tn.gov](mailto:StateandLocalFinance.PublicDebtForm@cot.tn.gov)

Sincerely,



Mary-Margaret Collier  
Director of the Office of State & Local Finance

Cc: Mr. Jim Arnette, Director of Local Government Audit, COT  
Ms. Linda Mooningham, TMBF

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

**REPORT OF THE DIRECTOR OF THE OFFICE OF STATE AND LOCAL FINANCE  
TOWN OF ASHLAND CITY, TENNESSEE  
CONCERNING THE PROPOSED ISSUANCE OF ITS  
WATER AND SEWER REVENUE AND TAX REFUNDING BONDS, SERIES 2012B**

Town of Ashland City (the "Town") submitted a plan of refunding (the "Plan"), as required by Tennessee Code Annotated Section 9-21-903 regarding the issuance of not to exceed \$2,810,500 Water and Sewer Revenue and Tax Refunding Bonds, Series 2012B (the "2012B Bonds"). The 2012B Bonds will current refund, an estimated \$2,793,553 Water and Sewer Revenue and Tax Bonds, Series 2005 (the "Refunded Bonds").

The Plan was prepared with the assistance of the Town's financial advisor, the Tennessee Municipal Bond Fund. The Town provided a copy of its debt management policy.

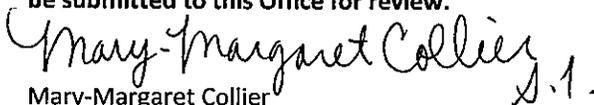
**Refunding Analysis**

- The results for the refunding are based on the assumption that the estimated \$2,810,500 2012B Bonds will be sold by negotiated sale and priced at a par.
- Estimated net present value savings is \$1,096,808 or 39.26% of the refunded principal.
- The savings are achieved by reducing the average coupon of the Refunded Bonds from 4.38% to 2.26% for the 2012B Bonds.
- The proposed 2012B Bonds do not extend the maturity schedule of the Refunded Bonds.
- Estimated cost of issuance of the 2012B Bonds is \$16,761 or \$5.96 per \$1,000 of par amount for the 2012B Bonds.

**The County has identified TMBF as its financial advisor. Financial Advisors have a fiduciary responsibility to you, the issuer. Underwriters have no fiduciary responsibility to you. They represent the interests of their firm.**

**This report of the Office of State and Local Finance does not constitute approval or disapproval by the Office for the Plan or a determination that a refunding is advantageous or necessary nor that any of the refunded obligations should be called for redemption on the first or any subsequent available redemption date or remain outstanding until their respective dates of maturity. This report is based on information as presented in the Plan by the Town. The assumptions included in the Town's Plan may not reflect either current market conditions or market conditions at the time of sale.**

**This report does not provide broad approval to refund the Refunded Bonds in a bond issue other than the proposed 2012B Bonds. If all of the Refunded Bonds are not refunded as a part of the 2012B Bonds, then a new plan will have to be submitted to this Office for review.**



Mary-Margaret Collier  
Director of the Office of State and Local Finance  
Date: September 28, 2012

**REPORT ON DEBT OBLIGATION**  
(Pursuant to Tennessee Code Annotated Section 9-21-151)

**1. Public Entity:**

Name \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**2. Debt Obligation:**

- |                          |                   |
|--------------------------|-------------------|
| <input type="checkbox"/> | a. Bond           |
| <input type="checkbox"/> | b. CON            |
| <input type="checkbox"/> | c. BAN            |
| <input type="checkbox"/> | d. GAN            |
| <input type="checkbox"/> | e. TRAN           |
| <input type="checkbox"/> | f. CRAN           |
| <input type="checkbox"/> | g. Capital Lease  |
| <input type="checkbox"/> | h. Loan Agreement |

Note: Enclose a copy of the executed NOTE FORM if applicable.

**5. Face Amount of Debt Obligation:** \_\_\_\_\_

Premium/Discount: \_\_\_\_\_

**6. Type of Sale:**

- |                          |                            |
|--------------------------|----------------------------|
| <input type="checkbox"/> | a. Competitive Public Sale |
| <input type="checkbox"/> | b. Informal Bid            |
| <input type="checkbox"/> | c. Negotiated Sale         |
| <input type="checkbox"/> | d. Loan Program            |

**3. Security For Debt Obligation:**

- |                          |                                   |
|--------------------------|-----------------------------------|
| <input type="checkbox"/> | a. General Obligation             |
| <input type="checkbox"/> | b. General Obligation+Revenue+Tax |
| <input type="checkbox"/> | c. Revenue                        |
| <input type="checkbox"/> | d. TIF                            |
| <input type="checkbox"/> | e. Annual Appropriations          |

**7. Tax Status:**

- |                          |                                |
|--------------------------|--------------------------------|
| <input type="checkbox"/> | a. Tax Exempt                  |
| <input type="checkbox"/> | b. Tax Exempt - Bank Qualified |
| <input type="checkbox"/> | c. Taxable                     |

**8. Dated Date:** \_\_\_\_\_

**9. Issue Date (Closing Date):** \_\_\_\_\_

**4. Purpose of Issue:**

- |                          |                             |       |   |
|--------------------------|-----------------------------|-------|---|
| <input type="checkbox"/> | a. General Government       | _____ | % |
| <input type="checkbox"/> | b. Education                | _____ | % |
| <input type="checkbox"/> | c. Highways and Streets     | _____ | % |
| <input type="checkbox"/> | d. Public Safety            | _____ | % |
| <input type="checkbox"/> | e. Solid Waste Disposal     | _____ | % |
| <input type="checkbox"/> | f. Industrial Park          | _____ | % |
| <input type="checkbox"/> | g. Manufacturing Facilities | _____ | % |
| <input type="checkbox"/> | h. Health Facilities        | _____ | % |
| <input type="checkbox"/> | i. Airports                 | _____ | % |
| <input type="checkbox"/> | j. Utilities                | _____ | % |
| <input type="checkbox"/> | i. Water                    | _____ | % |
| <input type="checkbox"/> | ii. Sewer                   | _____ | % |
| <input type="checkbox"/> | iii. Electric               | _____ | % |
| <input type="checkbox"/> | iv. Gas                     | _____ | % |
| <input type="checkbox"/> | k. Refunding or Renewal     | _____ | % |
| <input type="checkbox"/> | l. Other _____              | _____ | % |

specify

**10. Ratings:**

- |                      |       |
|----------------------|-------|
| a. Moody's           | _____ |
| b. Standard & Poor's | _____ |
| c. Fitch             | _____ |
| d. Unrated           | _____ |

**11. Interest Cost:**

- |         |                          |   |
|---------|--------------------------|---|
| _____ % | <input type="checkbox"/> | a. TIC                                  |
|         | <input type="checkbox"/> | b. NIC                                  |
|         | <input type="checkbox"/> | c. Variable: Index _____ plus _____ bps |
|         | <input type="checkbox"/> | d. Other _____                          |

**12. Recurring Costs:**

- |                              |       |
|------------------------------|-------|
| a. Remarketing Agent (bps)   | _____ |
| b. Liquidity (bps)           | _____ |
| c. Credit Enhancements (bps) | _____ |



**INSTRUCTIONS FOR PREPARATION OF CT-0253  
REPORT ON DEBT OBLIGATION  
DO NOT ADD TO, DELETE FROM OR CHANGE THIS FORMAT**

1. Issuer                      Include the full name and address of the public entity. (**This is NOT the bank or lending institution.**)
  
2. Debt Obligation        Identify the type of debt obligations being issued either as a bond, note [capital outlay (CON), bond anticipation (BAN), grant anticipation (GAN), tax and revenue anticipation (TRAN), or capital revenue anticipation (CRAN)], capital lease or loan agreement. Note: For all notes, attach a copy of the executed Note Form. Form CT-0253 must be filed for any loan from the State Revolving Fund, a Public Building Authority, the Energy Efficient Schools Initiative or the Tennessee Local Development Authority. A line of credit is a CON. A lease/lease purchase includes Certificates of Participation.
  
3. Security for Debt Obligation    Indicate the security for the debt obligation. Annual appropriations are applicable ONLY to lease/lease purchase obligations.
  
4. Purpose of Issue        Indicate the purpose(s) of the debt issue. If the debt is issued for multiple purposes, provide the percentage of the amount of debt issued in each category. If final percentages have not been determined for multiple purposes, use reasonable estimates.
  
5. Face Amount of Debt Obligation    Indicate the face or par amount of debt issued. When debt is issued in multiple series of bonds, a separate Form CT-0253 should be completed for each series (i.e. 2012 Series A, 2012 Series B).
  
6. Type of Sale            Indicate whether the debt was sold through a competitive sale, negotiated sale or through an agreement under a loan program. If the debt is a loan agreement, specify the name of the loan program, i.e. State Revolving Fund, Tennessee Local Development Authority, Public Building Authority, Energy Efficient Schools Initiative.
  
7. Tax Status              Indicate whether the interest on the debt is intended to be exempt from federal income taxation. If the debt is both taxable and tax-exempt, a separate Form CT-0253 must be completed for each.
  
8. Dated Date             Indicate the date of the debt obligation which is the date that interest begins to accrue on the obligation.
  
9. Issue Date (Closing Date)        Indicate the date that proceeds of the debt obligation are received by the Public Entity.
  
10. Rating                 Specify the rating(s) the debt obligation has been assigned, or indicate that the debt is unrated.
  
11. Interest Cost            Indicate the interest rate percentage and method used to determine the rate. If the rate is the variable, indicate the first assigned rate specifying the index plus spread. TIC is True Interest Cost. NIC is Net Interest Cost.

19. Signatures of the Authorized Representative and Preparer

The authorized representative is the chief executive officer of the public entity, i.e. County Executive, Mayor, President, Chairman, etc. If Form CT-0253 is prepared by someone other than the authorized representative, indicate in the space provided. However, the authorized representative must still sign the form.

20. Filing

The Form CT-0253 must be filed with the governing body not later than forty-five (45) days following the issuance or execution of a debt obligation by or on behalf of any Public Entity and with the Director of the Office of State and Local Finance. Public Entities that fail to comply with the requirements of TCA Section 9-21-151 will not be allowed to enter into any further Debt Obligations or Derivatives until they have complied with the law.

### DEFINITIONS

“Chief Executive Officer” means County Executive, Mayor, President, or Chairman

“Debt obligation” means bonds, notes, capital leases, loan agreements, and any other evidence of indebtedness lawfully issued, executed or assumed by a Public Entity.

“Derivative” means an interest rate agreement, as defined in TCA § 9-22-103 and other transactions identified by the State Funding Board.

“Finance transaction” means debt obligations, derivatives, or both.

“Public entity” means the state, a state agency, a local government, a local government instrumentality, or any other authority, board, district, instrumentality, or entity created by the state, a state agency, local government, a local government instrumentality, or combination, thereof.

**INCORRECT OR INCOMPLETE FORMS WILL BE RETURNED!!!**