

The City Council of the City of Ashland City, Tennessee, met in a regular session on December 11, 2012, at 7:00 o'clock p.m. at City Hall, Ashland City, Tennessee, with the Honorable Rick Johnson, Mayor, presiding.

The following Council Members were present:

The following Council Members were absent:

There was also present Phyllis Schaeffer, Recorder and Finance Director.

It was announced that public notice of the time, place and purpose of the meeting had been given and accordingly, the meeting was duly called to order.

The following resolution was introduced by Chris LaCrosse seconded by Lisa Walker and after due deliberation, was adopted by the following vote:

AYE: 7

NAY: 0

Resolution 2012-10

A RESOLUTION AUTHORIZING THE ISSUANCE OF WATER AND SEWER REVENUE AND TAX 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 water and sewer revenue and tax 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 water and sewer revenue and tax 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 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 Water and Sewer Revenue and Tax 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 "Water and Sewer Revenue and Tax 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, telecopy 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

Municipality to the extent of the payments so made. Any such interest not so punctually paid or duly provided for on any interest payment date 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 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 December 11, 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 "Water and Sewer Revenue and Tax 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 11th day of December, 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 December 11, 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 Water and Sewer Revenue and Tax 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
\$ _____ WATER AND SEWER REVENUE AND TAX 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 \$ _____ Water and Sewer Revenue and Tax 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 December 11, 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

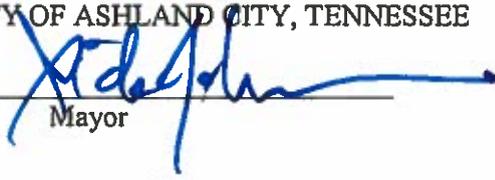
RAYMOND JAMES | MORGAN KEEGAN

By: _____

Title: _____

Accepted as of the date first
above written:

CITY OF ASHLAND CITY, TENNESSEE

By: 
Mayor

Attest:

City Recorder

(SEAL)

EXHIBIT A
\$ _____ WATER AND SEWER REVENUE AND TAX 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

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Total P+I</u>
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 Water and Sewer Revenue and Tax 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