

OFFICIAL STATEMENT

New Issue Book-Entry Only

Rating: Standard & Poor's "AA+"

In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the County, interest on the Bonds will be excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining the adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading "Tax Matters" herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except inheritance, transfer and estate taxes, and Tennessee franchise and excise taxes. (See "Tax Matters" herein).

\$28,040,000

MONTGOMERY COUNTY, TENNESSEE

GENERAL OBLIGATION PUBLIC IMPROVEMENT AND REFUNDING BONDS, SERIES 2012 (ULT) (NON-BANK QUALIFIED)

Dated: October 11, 2012

Due: April 1, as shown below

Montgomery County, Tennessee (the "County") will issue its \$28,040,000 General Obligation Public Improvement and Refunding Bonds, Series 2012 (the "Bonds") in fully registered form, without coupons, and, when issued, the Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases of beneficial ownership interest in the Bonds will be made in book-entry form only, in denominations of \$5,000 or multiples thereof through DTC Participants. Interest on the Bonds will be payable semiannually on April 1 and October 1 of each year, commencing on April 1, 2013, calculated on the basis of a 360-day year consisting of twelve 30-day months.

Payments of principal of and interest on the Bonds are to be made to purchasers by DTC through the Participants (as such term is herein defined). Purchasers will not receive physical delivery of Bonds purchased by them. See "The Bonds-Book-Entry-Only System." Principal of and interest on the Bonds are payable by the County to the corporate trust office of Deutsche Bank National Trust Company, Olive Branch, Mississippi, as registration and paying agent (the "Registration Agent").

The Bonds are subject to redemption prior to their stated maturities at the option of the County. See "The Bonds – Optional Redemption" herein. The Bonds are payable on April 1 of each year as follows:

<u>Maturity (April 1)</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP No.</u>	<u>Maturity (April 1)</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP No.</u>
2013	\$1,470,000	5.00 %	0.250%	613664 5B3	2022	\$1,875,000	4.00%	1.850%	613664 5L1
2014	1,460,000	5.00	0.350	613664 5C1	2023	1,900,000	2.50	2.050*	613664 5M9
2015	1,490,000	5.00	0.420	613664 5D9	2024	1,980,000	2.50	2.200*	613664 5N7
2016	1,575,000	5.00	0.530	613664 5E7	2025	1,550,000	4.00	2.270*	613664 5P2
2017	1,590,000	5.00	0.750	613664 5F4	2026	1,595,000	4.00	2.330*	613664 5Q0
2018	1,650,000	5.00	1.000	613664 5G2	2027	1,955,000	3.00	2.550*	613664 5R8
2019	1,715,000	2.00	1.270	613664 5H0	2028	1,350,000	3.00	2.610*	613664 5S6
2020	1,735,000	2.00	1.500	613664 5J6	2029	1,395,000	3.00	2.670*	613664 5T4
2021	1,755,000	2.00	1.720	613664 5K3					

*yield to first optional call date of April 1, 2022

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the County to the extent other revenues of the County are insufficient for such purposes. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the County are irrevocably pledged (see heading herein entitled "Security, Source of Payment and Levy of Tax").

The Bonds are offered when, as and if issued, subject to the approval of the legality by Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel, whose opinion will be delivered with the Bonds. Certain legal matters will be passed upon for the County by Austin Peay, Esq., Counsel to the County. The Bonds, in book-entry form, are expected to be available for delivery through Depository Trust Company in New York, New York, on or about October 11, 2012.

STEPHENS INC.
Nashville, Tennessee
Financial Advisor

September 11, 2012

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended (collectively, the "Official Statement") by Montgomery County, Tennessee (the "County") from time to time, may be treated as an Official Statement with respect to the Bonds described herein that is deemed final by the County as of the date hereof (or of any such supplement or amendment). It is subject to completion with certain information to be established at the time of the sale of the Bonds as permitted by Rule 15c2-12 of the Securities and Exchange Commission.

No dealer, broker, salesman or other person has been authorized by the County or by Stephens Inc. (the "Financial Advisor") to give any information or make any representations other than those contained in this Official Statement and, if given or made, such information or representations with respect to the County or the Bonds must not be relied upon as having been authorized by the County or the Financial Advisor. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, any securities other than the securities offered hereby to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful.

This Official Statement should be considered in its entirety, and no one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports or other documents are referred to herein, reference should be made to such statutes, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date as of which information is given in this Official Statement.

In making an investment decision investors must rely on their own examination of the County and the terms of the offering, including the merits and risks involved. No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission or with any state securities agency. The Bonds have not been approved or disapproved by the Commission or any state securities agency, nor has the Commission or any state securities agency passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

Montgomery County, Tennessee
 General Obligation Public Improvement and Refunding Bonds, Series 2012
 Dated October 11, 2012

<u>Maturity (April 1)</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP No.**</u>
2013	\$1,470,000	5.00%	0.250%	613664 5B3
2014	1,460,000	5.00	0.350	613664 5C1
2015	1,490,000	5.00	0.420	613664 5D9
2016	1,575,000	5.00	0.530	613664 5E7
2017	1,590,000	5.00	0.750	613664 5F4
2018	1,650,000	5.00	1.000	613664 5G2
2019	1,715,000	2.00	1.270	613664 5H0
2020	1,735,000	2.00	1.500	613664 5J6
2021	1,755,000	2.00	1.720	613664 5K3
2022	1,875,000	4.00	1.850	613664 5L1
2023	1,900,000	2.50	2.050*	613664 5M9
2024	1,980,000	2.50	2.200*	613664 5N7
2025	1,550,000	4.00	2.270*	613664 5P2
2026	1,595,000	4.00	2.330*	613664 5Q0
2027	1,955,000	3.00	2.550*	613664 5R8
2028	1,350,000	3.00	2.610*	613664 5S6
2029	1,395,000	3.00	2.670*	613664 5T4

*Yield to first optional call date of April 1, 2022.

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

The material contained herein has been obtained from sources believed to be current and reliable, but the accuracy thereof is not guaranteed. The Official Statement contains statements which are based upon estimates, forecasts, and matters of opinion, whether or not expressly so described, and such statements are intended solely as such and not as representations of fact. All summaries of statutes, resolutions, and reports contained herein are made subject to all the provisions of said documents. The Official Statement is not to be construed as a contract with the purchasers of any of the Montgomery County, Tennessee General Obligation Public Improvement and Refunding Bonds, Series 2012.

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MONTGOMERY COUNTY, TENNESSEE
1 Millennium Plaza, Suite 200
Clarksville, Tennessee 37041-0368

OFFICIALS

Carolyn P. Bowers
County Mayor and Chairman

BOARD OF COMMISSIONERS

Jerry Albert	Glen Demorest	Lettie M. Kendall
Edward Baggett	Dalton Harrison	Robert Nichols
Mark Banasiak	John Fuson	Keith Politi
Jeremy Bowles	John M. Gannon	Mark Riggins
Martha Brockman	Robert Gibbs, Jr.	Nick Robards
Loretta J. Bryant	John Genis	Ronald J. Sokol
Joe L. Creek	Charles Keene	Tommy Vallejos

COUNTY OFFICIALS

Assessor of Property	Betty Burchett
Circuit Court Clerk	Cheryl J. Castle
Clerk and Master	Ted Crozier
County Clerk	Kellie A. Jackson
Director of Accounts and Budgets	Erinne J. Hester
Director of Adm. and Development	Phil Harpel
Director of Human Resources	Sheryl Gossard
Director of Schools	Michael Harris
Register of Deeds	Connie Bell
Sheriff	Norman Lewis
Superintendent of Highways	Mike Frost
Trustee	Brenda E. Radford

Counsel for the County

Austin Peay, Esq.
Clarksville, Tennessee

Bond Counsel

Bass, Berry & Sims PLC
Nashville, Tennessee

Registration and Paying Agent and Escrow Agent

Deutsche Bank National Trust Company
Olive Branch, Mississippi

Financial Advisor

Stephens Inc.
Nashville, Tennessee

Underwriter

Robert W. Baird & Co., Inc.
Red Bank, New Jersey

Summary Statement

This Summary is expressly qualified by the entire Official Statement, which should be viewed in its entirety by potential investors.

ISSUER	Montgomery, Tennessee (the "County").
ISSUE	\$28,040,000 General Obligation Public Improvement and Refunding Bonds, Series 2011 (the "Bonds")
PURPOSES	(A) prepayment of the principal portion of the County's outstanding loan under that certain Loan Agreement, dated June 6, 2008, by and between the County and The Public Building Authority of the City of Clarksville, Tennessee (the "Authority"), in the original principal amount of \$20,140,987 funded by the issuance of Adjustable Rate Pooled Financing Revenue Bonds, Series 2008 (Tennessee Municipal Bond Fund), dated February 14, 2008 (the "Outstanding Bonds") of the Authority; (B) (i) acquisition of land for, design, site development, and constructing, improving, renovating and equipping of County schools; (ii) acquisition and equipping of school buses; (iii) acquisition of land for, design, site development, and constructing, improving, renovating and equipping of County governmental buildings; (iv) acquisition of land and rights-of-way for, and construction of, County highways, roads and streets; (v) making a loan to Bi-County Solid Waste Management System; (vi) payment of legal, fiscal, administrative, architectural and engineering costs incident to any or all of the foregoing (collectively, the "Projects"); and (C) reimbursement to the appropriate fund of the County for prior expenditures for the foregoing costs, if applicable.
DATED DATE	October 11, 2012.
INTEREST DUE	Each April 1 and October 1, commencing April 1, 2013.
SETTLEMENT DATE	October 11, 2012.
OPTIONAL REDEMPTION	The Bonds may be optionally redeemed by the County as set forth herein.
SECURITY	The Bonds shall be payable from unlimited <u>ad valorem</u> taxes to be levied on all taxable property within the County to the extent other revenues of the County are insufficient for such purposes. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the County are irrevocably pledged (see heading herein entitled "Security, Source of Payment and Levy of Tax").
RATING	The Bonds have been assigned a rating of "AA+" by Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies ("S&P") based on documents and other information provided by the County. The rating reflects only the view of S&P, and neither the County nor the Underwriter makes any representations as to the appropriateness of such rating.

There is no assurance that such rating will continue for any given period of time or that it will not be lowered or withdrawn entirely by S&P if in its judgment circumstances so warrant. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Bonds. Any explanation of the significance of the rating may be obtained from S&P.

TAX MATTERS	Bass, Berry & Sims PLC will provide its unqualified opinion as to the tax exemption of the Bonds discussed under "Tax Matters" herein.
REGISTRATION AND PAYING AGENT	Deutsche Bank National Association, Olive Branch, Mississippi.
FINANCIAL ADVISOR	Stephens Inc., Nashville, Tennessee.
UNDERWRITER	Robert W. Baird & Co., Inc., Red Bank, New Jersey.

Official Statement

\$28,040,000

Montgomery County, Tennessee

General Obligation Public Improvement and Refunding Bonds, Series 2012 (ULT) (Non-Bank Qualified)

Introduction

The Official Statement, including the cover page and appendices hereto, is furnished in connection with the issuance by Montgomery County, Tennessee (the "County") of \$28,040,000 General Obligation Public Improvement and Refunding Bonds, Series 2012 (the "Bonds").

The Bonds are issuable 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 resolutions adopted by the Board of Commissioners of the County on June 11, 2012 and August 13, 2012 (the "Resolutions") authorizing the execution, terms, issuance, and the sale of the Bonds.

All notices have been published in a newspaper as required by state law.

This Official Statement includes descriptions of, among other matters, the Bonds, the Resolutions and the County. Such descriptions and information do not purport to be comprehensive or definitive. All references to the Resolutions are qualified in their entirety by reference to the definitive document, including the form of the Bonds included in the Resolutions. During the period of the offering of the Bonds, copies of the Resolutions and any other documents described herein or in the Resolutions may be obtained from the County. After delivery of the Bonds, copies of such documents will be available for inspection at the County Mayor's office. All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings set forth in the Resolutions.

The Issuer

The issuer is Montgomery County, Tennessee which is located in the north central part of Tennessee, approximately 45 miles northwest of Nashville, the State capital. For demographic and certain financial information concerning the County, see Appendix B, and for the Comprehensive Annual Financial Report of the County for the fiscal year ended June 30, 2011, see Appendix C.

The Bonds

Description

The Bonds are being issued for the purpose of providing funds for the following purposes: (A) prepayment of the principal portion of the County's outstanding loan under that certain Loan Agreement, dated June 6, 2008, by and between the County and The Public Building Authority of the City of Clarksville, Tennessee (the "Authority"), in the original principal amount of \$20,140,987 funded by the issuance of Adjustable Rate Pooled Financing Revenue Bonds, Series 2008 (Tennessee Municipal Bond Fund), dated February 14, 2008 (the "Outstanding Bonds") of the Authority; (B) (i) acquisition of land for, design, site development, and constructing, improving, renovating and equipping of County schools; (ii) acquisition and equipping of school buses; (iii) acquisition of land for, design, site development, and constructing, improving, renovating and equipping of County governmental buildings; (iv) acquisition of land and rights-of-way for, and construction of, County highways, roads and streets; (v) making a loan to Bi-

County Solid Waste Management System; (vi) payment of legal, fiscal, administrative, architectural and engineering costs incident to any or all of the foregoing (collectively, the "Projects"); and (C) reimbursement to the appropriate fund of the County for prior expenditures for the foregoing costs, if applicable.

The Bonds will be issued as fully registered book-entry Bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated the date of issuance. Interest on the Bonds, at the rates per annum set forth on the cover page and calculated on the basis of a 360-day year, consisting of twelve 30-day months, will be payable semiannually on April 1 and October 1 of each year (herein an "Interest Payment Date"), commencing April 1, 2013.

The Bonds will mature on the dates and in the amounts set forth on the cover page.

The Bonds will be initially registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Deutsche Bank National Trust Company, Olive Branch, Mississippi (the "Registration Agent") will make all interest payments with respect to the Bonds 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 check or draft mailed to such owners at their addresses shown on said registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the County in respect of such Bonds to the extent of the payments so made. Payment of principal of the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable. In the event the Bonds are no longer registered in the name of DTC or its successor or assigns, 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.

Any interest on any Bond which 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 County 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 County 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 County 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. 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 not be 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 County of such Special Record Date and, in the name and at the expense of the County, 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 the Resolutions 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 County to punctually pay or duly provide for the payment of principal of and interest on the Bonds when due.

Optional Redemption

Bonds maturing on or before April 1, 2022 are not subject to redemption prior to maturity. Bonds maturing April 1, 2023 and thereafter shall be subject to redemption prior to maturity at the option of the County on April 1, 2022 and thereafter, as a whole or in part at any time, at the redemption price of par plus interest accrued to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Board of Commissioners of the County in its discretion. 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.

Notice of Redemption

Notice of call for redemption shall be given by the Registration Agent on behalf of the County not less than thirty (30) 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. 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 County 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 County pursuant to written instructions from an authorized representative of the County (other than for a mandatory sinking fund redemption, if applicable, notices of which shall be 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.

Security, Sources of Payment and Levy of Tax

Under Tennessee law, the County's legislative body is authorized to levy a tax on all taxable property within the County, or a portion thereof, without limitation as to rate or amount, and a referendum is neither required nor permitted to set the rate or amount. For a more complete statement of the general covenants and provisions pursuant to which the Bonds are issued, reference is hereby made to the Resolutions.

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the County to the extent other revenues of the County are insufficient for such purposes. For the prompt payment of principal of and interest on the Bonds, the County has irrevocably pledged its full faith and credit.

The County, through its Governing Body, shall annually levy and collect a tax upon all taxable property within the County, in addition to all other taxes authorized by law, sufficient to pay principal of and interest on the Bonds when due, and for that purpose there is levied a direct annual tax in such amount as may be found necessary each year to pay principal and interest coming due on the Bonds in said year. Principal 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 County and reimbursement therefor shall be made out of the taxes authorized to be levied when the same shall have been collected. The tax may be reduced to the extent of any direct appropriations from other funds, taxes and revenues of the County to the payment of debt service on the Bonds.

Discharge and Satisfaction of Bonds

The Bonds may be discharged and defeased in any one or more of the following ways:

(a) By depositing sufficient funds as and when required with the Registration Agent, to pay 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 Defeasance 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 County shall also pay or cause to be paid all other sums payable under the Resolutions, 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 such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the County to the holders of such Bonds shall be fully discharged and satisfied.

If the County pays and discharges the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners of such Bonds shall thereafter be entitled only to payment out of the money or Defeasance Obligations.

Defeasance Obligations are 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 above, 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. Tennessee law, as codified, currently permits the use of the following as Defeasance Obligations:

(a) Direct obligation or, or obligations, the principal of and interest on which are guaranteed by, the United States;

(b) Obligations of any agency or instrumentality of the United States;

(c) Certificates of deposit issued by a bank or trust company located in the state of Tennessee; provided, that such certificates shall be secured by a pledge of any of the obligations referred to in subdivisions (a) and (b) having an aggregate market value, exclusive of accrued interest, equal at least to the principal amount of the certificates of deposit so secured; or

(d) Obligations which are rated in either of the top two (2) highest rated categories by a nationally recognized rating agency of such obligations and whose interest income is exempt from tax by the United States, which are direct general obligations of the state or a political subdivision thereof or obligations guaranteed by the state, to the payment of the principal of and interest on which the full faith and credit of the state are pledged or obligations of any other state or political subdivision or instrumentality thereof; provided, that approval of the state director of local finance is first obtained.

Book-Entry-Only System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). Only one fully-registered Bond certificate will be issued in the aggregate principal amount of each maturity of the Bonds, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with Direct Participants, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC, the Registration Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the County or the Registration Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the County or the Registration Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

THE COUNTY AND THE REGISTRATION AGENT HAVE NO RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE BONDS; (III) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY PARTICIPANT OR ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTIONS TO BE GIVEN TO BONDHOLDERS; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR CEDE & CO. AS BONDHOLDER.

Plan of Financing

Sources and Uses of Funds

The following table sets forth the sources and uses of funds in connection with the issuance of the Bonds.

Sources of Funds

Par Amount	\$28,040,000.00
Reoffering Premium	<u>2,447,451.05</u>
Total Sources	<u>\$30,487,451.05</u>

Uses of Funds

Prepayment of Outstanding Loan	\$17,941,000.00
Deposit to Construction Fund	12,305,441.03
Underwriter's Discount	<u>241,010.02</u>
Total Uses	<u>\$30,487,451.05</u>

Plan of Refunding

The Bonds are being issued, in part, to prepay the principal portion of the County's outstanding loan (the "Outstanding Loan") under that certain Loan Agreement, dated June 6, 2008, by and between the County and The Public Building Authority of the City of Clarksville, Tennessee (the "Authority"), in the original principal amount of \$20,140,987 funded by the issuance of Adjustable Rate Pooled Financing Revenue Bonds, Series 2008 (Tennessee Municipal Bond Fund), dated February 14, 2008 (the "Outstanding Bonds") of the Authority, and, in turn, redeem a portion of the Outstanding Bonds applicable thereto. An amount, which together with investment earnings thereon and legally available funds of the County, will be sufficient to prepay the Outstanding Loan will be deposited with the Trustee under the Indenture of Trust, dated as of February 1, 2008, pursuant to which the Outstanding Bonds were issued to fund the Outstanding Loan to be held and applied as provided in the Indenture.

The Project

The proceeds of the Bonds (other than proceeds used to prepay the Outstanding Loan) will be used to finance the Projects. Pursuant to the resolution adopted June 11, 2012 by the Governing Body, a portion of the proceeds of the Bonds will be deposited in a construction fund (the "Construction Fund") to be held and invested by the County, and used to pay costs of the Projects and reimbursement to the County for any funds previously expended for costs of the Projects, if applicable. Moneys in the Construction Fund may be invested as permitted by Tennessee law and may not be used for any purpose other than the Projects.

Rating

The Bonds have been assigned a rating of "AA+" by Standard & Poor's Ratings Services ("S&P"). The rating reflects only the view of S&P and neither the County nor the Financial Advisor makes any representation as to the appropriateness of such rating.

There is no assurance that such rating will continue for any given period of time or that it will not be lowered or withdrawn entirely. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Bonds. Any explanation of the significance of the rating may be obtained from S&P.

Continuing Disclosure

General

The County will at the time the Bonds are delivered execute a Continuing Disclosure Certificate (the "Disclosure Certificate") under which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the County by not later than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2011 (the "Annual Report"), and to provide notice of the occurrence of certain significant events not later than ten business days after the occurrence of the events and notice of failure to provide any required financial information of the County. The Annual Report (and audited financial statements if filed separately) and notices described above will be filed by the County with the Municipal Securities Rulemaking Board ("MSRB") at emma.msrb.org and with any State Information Depository which may be established in Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Report or the notices of events is summarized below. These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b), as it may be amended from time to time (the "Rule"). The County is in compliance with the undertakings required under the Rule.

Annual Report

The County's Annual Report shall contain or incorporate by reference the General Purpose Financial Statements of the County for the fiscal year, prepared in accordance with generally accepted accounting principles; provided, however, if the County's audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained herein, and the audited financial statements shall be filed when available. The Annual Report shall also include in a similar format the following information included in Appendix B to this Official Statement as follows:

1. "Summary of Outstanding Debt ";
2. "Debt Statement ";
3. "Per Capita Debt Ratios";
4. "Debt Ratios";
5. "Debt Trend";
6. "General Obligation Debt Service Requirements";
7. "Fund Balances";
8. "Top Taxpayers";
9. "Local Sales Tax Collections";
10. "Wheel Tax";
11. "Property Valuation and Property Tax";

12. "County Tax Rates"; and
13. "Tax Collections."

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

Reporting of Significant Events

The County will file notice regarding certain significant events with the MSRB as follows:

1. Upon the occurrence of a Listed Event (as defined in (3) below), the County shall in a timely manner, but in no event more than ten (10) business days after the occurrence of such event, file a notice of such occurrence with the MSRB.
2. For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the County shall determine the materiality of such event as soon as possible after learning of its occurrence.
3. The following are the Listed Events:
 - a. Principal and interest payment delinquencies;
 - b. Non-payment related defaults, if material;
 - c. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - d. Unscheduled draws on credit enhancements reflecting financial difficulties;
 - e. Substitution of credit or liquidity providers, or their failure to perform;
 - f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
 - g. Modifications to rights of Bondholders, if material;
 - h. Bond calls, if material, and tender offers;
 - i. Defeasances;
 - j. Release, substitution, or sale of property securing repayment of the securities, if material;
 - k. Rating changes;
 - l. Bankruptcy, insolvency, receivership or similar event of the obligated person;

- m. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- n. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Termination of Reporting Obligation

The County's obligations under the Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Amendment/Waiver

Notwithstanding any other provision of the Disclosure Certificate, the County may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions concerning the Annual Report and Reporting of Significant Events it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

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

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

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

Default

In the event of a failure of the County to comply with any provision of the Disclosure Certificate, any Bondholder, or any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under the Disclosure Certificate. A default under the Disclosure Certificate shall not be

deemed an event of default, if any, under the Resolutions, and the sole remedy under the Disclosure Certificate in the event of any failure of the County to comply with the Disclosure Certificate shall be an action to compel performance.

Future Issues

Considering the population growth of the County, a plan for capital assets needed in the near future is being prepared with anticipation of approximately \$6 to \$8 million primarily for schools and parks to be issued the first quarter of 2013.

Litigation

As of the date of this Official Statement, the County has no knowledge or information concerning any pending or threatened litigation contesting the authority of the County to issue, sell or deliver the Bonds. The County has no knowledge or information of any actions pending or expected that would materially affect the County's ability to pay the debt service requirements of the Bonds.

Approval of Legal Proceedings

Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Bass, Berry & Sims PLC, Bond Counsel. A copy of the opinion will be available upon delivery of the Bonds. (See Appendix A). Certain legal matters will be passed upon for the County by Austin Peay, Esq., Counsel to the County.

Tax Matters

Federal Taxes

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

- is excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986, as amended,
- is not a preference item for a bondholder under the federal alternative minimum tax, but
- is included, however, in the adjusted current earnings of a corporation under the federal corporate alternative minimum tax.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes requirements on the Bonds that the County must continue to meet after the Bonds are issued. These requirements generally involve the way that Bond proceeds must be invested and ultimately used. If the County does not meet these requirements, it is possible that a bondholder may have to include interest on the Bonds in its federal gross income on a retroactive basis to the date of issue. The County has covenanted to do everything necessary to meet these requirements of the Code.

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

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,

- an individual claiming the earned income credit or
- a borrower of money to purchase or carry the Bonds.

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

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

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

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

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

Miscellaneous. Tax legislation, administrative actions taken by tax authorities, and court decision, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds.

Prospective bondholders should consult their own tax advisors regarding the foregoing matters.

State Taxes

Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on interest on the Bonds during the period the Bonds are held or beneficially owned by any organization or entity, or other than a sole proprietorship or general partnership doing business in the State of Tennessee, and (c) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

Financial Advisor

This Official Statement has been prepared under the direction of the County and with the assistance of Stephens Inc., Nashville, Tennessee, which has been contracted by the County to perform professional services in the capacity of financial advisor.

Underwriting

Robert W. Baird & Co., Inc., Red Bank, New Jersey (the “Underwriter”), acting for and on behalf of itself and such other securities dealers as it may designate, will purchase the Bonds for an aggregate purchase price of \$30,246,441.03, which is par, less \$241,010.02 underwriter’s discount, plus original issue premium of \$2,447,451.05. The Underwriter may offer and sell the Bonds to certain dealers (including dealer banks and dealers depositing the Bonds into investment trusts) and others at prices different from the public offering prices stated on the cover page of this Official Statement. Such initial public offering prices may be changed from time to time by the Underwriter.

Miscellaneous

Any statement made in this Official Statement involving matters of opinion and estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement was duly authorized by the County.

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Certificate of County Mayor

I, Carolyn P. Bowers, do hereby certify that I am the duly qualified and acting County Mayor of Montgomery County, Tennessee, and as such official, I do hereby further certify with respect to the Official Statement dated September 11, 2012 issued in connection with the sale of the County's \$28,040,000 General Obligation Public Improvement and Refunding Bonds, Series 2012, and to the best of my knowledge, information, and belief (a) the descriptions and statements contained in said Official Statement were at the time of the acceptance of the winning bid and are on the date hereof true and correct in all material respects; and (b) that said Official Statement did not at the time of the acceptance of the winning bid and does not on the date hereof 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.

WITNESS my official signature this 11th day of September, 2012.

/s/ Carolyn P. Bowers
County Mayor

I, Kellie A. Jackson, do hereby certify that I am the duly qualified and acting County Clerk of Montgomery County, Tennessee, and as such official, I do hereby certify that Carolyn P. Bowers is the duly qualified and acting County Mayor of said County and that the signature appended to the foregoing certificate is the true and genuine signature of such official.

WITNESS my official signature and the seal of said County as of the date subscribed to the foregoing certificate.

/s/ Kellie A. Jackson
County Clerk

(SEAL)

APPENDIX A

Form of Legal Opinion of Bass, Berry & Sims PLC, Attorneys,
Nashville, Tennessee relating to the Bonds.

(Form of Opinion of Bond Counsel)

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

(Dated Closing Date)

We have acted as bond counsel to Montgomery County, Tennessee (the "Issuer") in connection with the issuance of \$28,040,000 General Obligation Public Improvement and Refunding Bonds, Series 2012, dated October 11, 2012 (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding general obligations of the Issuer.

2. The resolutions of the Board of Commissioners of the Issuer authorizing the Bonds have been duly and lawfully adopted, are in full force and effect and are valid and binding agreements of the Issuer enforceable in accordance with its terms.

3. The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the County. For the prompt payment of principal of and interest on the Bonds, the County has irrevocably pledged its full faith and credit.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings of certain corporations for purposes of alternative minimum tax on corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Except as set forth in this Paragraph 4, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) inheritance, transfer and estate taxes, (b) Tennessee excise taxes on all or a portion of the interest on any of the Bonds during the period such Bonds are 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 Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership doing business in the State of Tennessee.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the resolutions authorizing the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Yours truly,

Bass, Berry & Sims PLC

APPENDIX B

Demographic and General Financial Information
Related to the County

GENERAL INFORMATION

Montgomery County (the “County”) is located in the north central part of Tennessee approximately 45 miles northwest of Nashville, the State Capitol, and comprises an area of approximately 543 square miles. The County is within 250 miles of the population center of the United States. It is the seventh largest county in the state and a regional hub for seven counties in Tennessee and Kentucky for jobs, higher education, health care, retail trade, and service establishments.

The City of Clarksville is the County seat and the only incorporated city in the County with a population of 132,939 based on the 2010 U.S. Census. The U.S. Census Bureau released data in July 2008 listing Clarksville as the 9th fastest-growing city in the nation for communities with populations over 100,000. The City of Clarksville is the fifth largest city in the state and the major city in the Metropolitan Statistical Area (the "MSA") of Clarksville-Hopkinsville, TN-KY, which is one of the seven MSAs in the state.

The Clarksville-Hopkinsville, TN-KY MSA adjoins the Nashville MSA, which includes eight counties in central Tennessee. All of the Tennessee counties in this area make up the Greater Nashville Regional Council (the "Region") which was organized by the Tennessee State Legislature over 30 years ago for regional planning and economic development. Included in the 13 counties are 53 cities. The Council coordinates the regional effort to solve problems pertaining to transportation, water and wastewater facilities, solid waste management, air and water quality, area growth forecasts and growth impact analysis, overall economic development and planning for the infrastructure of the region. The synergism of economic development, commercial trade and employment in the region is promoted by the state highway and federal interstate highway system along with the state capitol being located in the region. Within an hour, individuals can travel to most any major employer in the region.

DEMOGRAPHIC DATA

Population

Montgomery County's location in the central area of the state has promoted its population growth and economic expansion. According to the 2010 U. S. Census, the County is the seventh largest county in the state with a population of 172,331 reflecting a 30 percent increase since the 2000 census.

	<u>Montgomery County</u>		<u>Tennessee</u>	
	<u>Number</u>	<u>% Change</u>	<u>Number</u>	<u>% Change</u>
1970 U. S. Census	62,721		3,926,018	
1980 U. S. Census	83,342	32.9%	4,591,023	16.9%
1990 U. S. Census	100,498	20.6%	4,877,203	6.2%
2000 U. S. Census	134,768	34.1%	5,689,283	16.7%
2010 U. S. Census	172,331	27.9%	6,346,105	11.5%

Source: U.S. Bureau of Census

Income and Housing

In 2009, the County had a per capita personal income of \$39,104, which was 114% percent of the State average of \$34,277. In 2010 the U.S. Bureau of Economic Analysis released data ranking Montgomery County 4th in the State for per capita personal income. For the first time in recent history, Montgomery County surpassed the urban counties of Hamilton and Knox in per capita personal income. In 2001, Montgomery County ranked 17th in the State for per capita personal income.

Per Capita Personal Income

	County	Tennessee	Percent of State
1990 Per Capita Personal Income	\$14,761	\$16,692	88.4%
2000 Per Capita Personal Income	\$23,992	\$26,096	91.9%
2001 Per Capita Personal Income	\$24,890	\$26,833	92.8%
2002 Per Capita Personal Income	\$26,081	\$27,435	95.0%
2003 Per Capita Personal Income	\$27,512	\$28,257	97.4%
2004 Per Capita Personal Income	\$28,719	\$29,539	97.2%
2005 Per Capita Personal Income	\$32,029	\$30,827	103.9%
2006 Per Capita Personal Income	\$35,232	\$32,172	109.5%
2007 Per Capita Personal Income	\$35,337	\$33,395	105.8%
2008 Per Capita Personal Income	\$39,809	\$35,119	113.3%
2009 Per Capita Personal Income	\$39,104	\$34,277	114.1%
2010 Per Capita Personal Income	\$39,155	\$34,921	112.1%

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Median Household Income

	County	Tennessee	Percent of State
1990 Median Household Income	\$25,568	\$24,807	103.1%
2000 Median Household Income	38,981	36,360	110.0%
2004 Median Household Income	42,959	38,794	110.7%
2005 Median Household Income	45,737	38,874	117.8%
2006 Median Household Income	47,864	40,315	118.7%
2009 Median Household Income	46,923	41,715	112.5%
2010 Median Household Income	46,703	41,461	112.6%

Source: U.S. Census Bureau

ECONOMIC DATA

Economic Base

The economic base and the quality of life in Montgomery County is reflected in the various awards and rankings received by the County and the City of Clarksville. In 2010 the County was ranked fourth in the nation for Alternative Energy Industry Leaders by Business Facilities Magazine. According to Business Week Magazine the County was ranked as the “*Best Place in Tennessee to Raise Your Kids*” in 2010. The U.S. Census Bureau released data in July 2008 listing *Clarksville as the 9th fastest-growing city in the nation for communities with populations over 100,000*. In 2006 the U.S. Census Bureau ranked *Clarksville as the 17th fastest growing city in the nation and Montgomery County as the 100th fastest growing county in the Nation*. In 2005 Clarksville was also ranked as having *the highest median household income of all major cities in Tennessee* by the 2005 American Community Survey Data Profile. The City was the *Top 20 Best-Performing City in the Country’s 200 largest metros* according to Milken Institute -2006.

Major Employers

A diversified employment base of military, industries, state and local governments, health care, higher education and retail trade supports the economic base of the County. Based on June 2012 statistics provided by the Tennessee Department of Employment Security, the County has a resident labor force of 77,180, which does not include military personnel (soldiers).

Fort Campbell Military Base, located on the Tennessee - Kentucky line, with about 85% of the base being in Tennessee, is the largest employer in the area with approximately 3,900 civilians. There is no breakdown of employee's residence. From discussions with various parties in the County, as well as individuals located on the Base, a large number of the employees reside in Montgomery County; however, the number of civilian employees would be less than 10% of the County's total labor force and, most likely, less than 10% of the County's total employment.

Military personnel are not included in employment statistics as reported by the Tennessee Department of Employment Security and are not included in the County's Major Employers list because a significant portion of the personnel are located in other counties included in the Base's operation.

In December 2008 Dow Corning Corporation and Hemlock Semiconductor LLC (HSC) announced that they will locate their next solar-grade polysilicon manufacturing facility in Montgomery County. The initial investment is \$1.2 billion and over 800 jobs will be created for phase one. More than 2,000 construction workers are currently active at the site as construction of the administration building nears completion. Warehouse, maintenance buildings, and other support facilities will be finished later in 2011 and production facilities will be complete in 2012. The plant is scheduled to begin producing polysilicon, the cornerstone material for solar cells, in late 2012. The Clarksville Hemlock Semiconductor facility will meet the needs of the growing solar industry.

The military and civilian personnel at Fort Campbell provide a direct and indirect benefit to the County and the Region; however, during recent years, the employment in the County and Region have continually grown and diversified to the extent that the following list of major employers provide over 22,000 diversified jobs in the County.

Major County Employers

Employer	Number of Employees	Products /Services
Fort Campbell Military Base	8,058	Major Defense Installation
USD Civilian	2,782	
NAF	533	
PX	917	
Schools	660	
Contract Employees	2,931	
Other Tenants	235	
Montgomery County School System	3,900	Education and Schools
Trane Company	1,400	Air Condition & Heating Equipment
Wal-Mart Supercenter	1,363	Retail
Gateway Health System (Hospital)	1,165	Medical Services
City of Clarksville	989	Municipal Services
Montgomery County General Government	921	County Services
Austin Peay State University	900	Higher Education
Quebecor Printing	850	Magazine Printing
Convergys Corp.	800	Telemarketing Call Center
Josten's Printing & Publication	700	Yearbook Printing
Akebono	650	Hubs, Rotors, & Corner Modules
Larson Enterprises (McDonalds)	600	Restaurants
Hemlock Semiconductor, L.L.C.	500	Polycrystalline Silicon
Bridgestone Metalpha USA Inc.	415	Metal Cord
State of Tennessee	411	State Government Services
Progressive Directions, Inc.	300	Health Care
Premier Medical Group	275	Health Care
Florim USA	260	Ceramic & Porcelain Tile Manufacturing
Carreca Enterprises (Pizza Hut)	250	Restaurants
Lowe's	250	Retail
Nyrstar	249	Zinc, Sulfuric Acid and Cadmium
F&M Bank	231	Financial Services
Cumberland Electric Co-op	225	Electricity Supplier
Spear USA	206	Pressure Sensitive Labels
Spear USA	194	Pressure Sensitive Labels
Centerstone	184	Behavioral Health Services
Sam's Club	170	Retail
Jenkins & Wynne	165	Car Dealership/Repairs
Beach Oil Company	150	Oil and Gas
Hendrickson Trailer Suspensions Systems	150	Tractor Trailer Air-Ride
Spring Meadows Health Care Center	150	Health Care

Source: Clarksville-Montgomery County Economic Development Council, State of Tennessee and individual companies.

Labor Force, Employment and Unemployment Data

The annual unemployment rate in the County has remained below the State average.

Year	Total Labor Force	Unemployment	Employment	Unemployment		
				County	State	U.S.
2000	59,200	1,840	57,360	3.1%	3.9%	4.0%
2001	60,220	2,240	57,980	3.7%	4.5%	4.8%
2002	64,160	3,050	61,110	4.8%	5.1%	5.8%
2003	63,320	3,000	60,320	4.7%	5.8%	6.0%
2004	62,530	3,100	59,430	5.0%	5.4%	5.5%
2005	64,480	3,230	61,250	5.0%	5.6%	5.1%
2006	67,440	3,230	64,210	4.8%	5.2%	4.6%
2007	70,290	3,160	67,130	4.5%	4.7%	4.6%
2008	67,330	4,140	63,200	6.1%	6.4%	5.8%
2009	67,740	6,040	61,700	8.9%	10.5%	9.3%
2010	71,490	6,510	64,980	9.1%	9.7%	9.6%
2011	76,360	7,000	69,360	9.1%	9.2%	8.9%
June 2012	77,180	6,550	70,630	8.5%	8.1%	8.2%

Source: Tennessee Department of Labor and Workforce Development, Employment Security Division

Transportation System

The highway system in the County includes Interstate 24 from Atlanta and Nashville to Interstate 75 leading to St. Louis and Chicago. Other highways in the County include U.S. Highways 79 and 41A and State Highways 12, 13, 48, 76, 149, 374, 112, 236, and 237.

Originally, SR 840 was planned to complete the connection through five counties through the north but that portion of the project has been placed on indefinite hold. The southern portion of the loop around Nashville is under construction with some portions completed, which will connect at Interstate 40 in Wilson County and west of Nashville to Interstate 40 in Dickson and provide additional access to Interstate 24, Interstate 40 and Interstate 65.

The highway system provides for one-day delivery to 76% of major U.S. markets. In addition to the highway system, the R.J. Corman Railroad runs from Clarksville to CSX Transportation mainline in Guthrie, Kentucky approximately 20 miles north.

The transportation system includes the Cumberland River, a navigable waterway, which runs from east of Nashville to the Tennessee River, which connects to the Ohio River and Mississippi River.

Air transportation includes Outlaw Field overseen by the Clarksville/Montgomery County Airport Authority with runways of 6,000 and 4,000 feet. For the 12-month period ending December 15, 2009, the airport had 20,600 aircraft operations, an average of 56 per day. Included in the current Bond issue is the funding for a new terminal at the Clarksville/Montgomery Airport. The Nashville International Airport located approximately 45 miles southeast in Nashville, Tennessee provides commercial service on 13 airlines operating to 66 markets with 366 daily flights.

Aspire Clarksville

Area leaders developed a focused economic development effort to recruit new businesses and work closely with existing businesses to meet current and future expansion needs. In 2004 Clarksville-Montgomery County Economic Development Council took action to move the Aspire Clarksville program into a foundation and call it “The Aspire Clarksville Foundation. In August 2005, the Internal Revenue Service officially granted the Foundation its 501c3 designation. This new IRS designation has enabled the Foundation to be considered for grants that it would not have otherwise been able to apply for. Since its inception in 1996, the Aspire Clarksville program had the following returns over the fourteen year period:

- “Aspire 2000” (1996 – 2000) raised \$1.6 million and created 8,151 new jobs
- “Aspire II” (2001 – 2004) raised \$2.2 million and created 4,311 new jobs.
- “Aspire III” (2005-2008) raised \$2 million and created 6,674 new jobs.

The current campaign, “Aspire Clarksville IV 2009-2014” set a goal of \$3 million (of which \$3.5 million in pledges has been received) and create 8,445 new jobs.

Fort Campbell Military Base

A key factor in the growth in Montgomery County is the Fort Campbell Military Base (the “Base”). The construction and development of the Base began July 16, 1941 to accommodate an armored division and various support troops for a total of approximately 30,000 military personnel. Fort Campbell supports the third largest military population in the Army and the seventh largest in the Department of Defense. The site includes approximately 105,000 acres located in Tennessee and Kentucky in four counties --- Montgomery and Stewart in Tennessee and Christian and Trigg in Kentucky. Approximately two-thirds of the installation is located in Tennessee. The site is one of the largest in the world.

The Base is home to the 101st Airborne Division (Air Assault Division), the 160th Special Operations Aviation Regiment, 101st Corps Support Group and the 5th Special Forces Group. It is one of the most powerful and prestigious divisions, having made a name for itself during World War II as the “Screaming Eagles.” In 1968, the 101st took on the structure and equipment of an air mobile division. Today, the highly trained soldiers of the 101st are the world’s only air assault division with unequalled strategic and tactical mobility. The 101st participates in combat missions at home and abroad with some of the most recent being in Iraq during “Desert Storm”, Afghanistan in “Operation Enduring Freedom”, and Iraq in “Operation Iraqi Freedom”. Some of the peacekeeping and humanitarian missions include Rwanda, Haiti, Sinai Peninsula, Panama, Bosnia, Kosovo, 2000 forest fires in Western U.S., South American 1999 Flood Relief, the Smoky Mountains, and hurricane ravaged Louisiana and Florida.

The Department of Defense classifies the 101st as one of four “Power Projection Platforms” with soldiers trained and equipped with the latest technology for “rapid deployment” anywhere in the world from 18 to 48 hours.

The 105,068 acre installation includes 49 ranges and four major drop zones. Fort Campbell is a city within itself, having six elementary schools, two middle schools, and one high school with a total enrollment of over 5,000 students. The Base also has a bowling alley, PX Mall, horseback riding, commissary, pools and a library. Blanchfield Army Community Hospital is a 66 bed facility and provides health care for the soldiers, eligible retirees and their family members at the Base.

The Base is constantly upgrading its infrastructure and military capability with no anticipated change in its status in the near future. According to military sources, there are no projections for the Base to be on the BRAC (Defense Base Closure and Realignment Commission) list.

Health Care Services

Clarksville is quickly becoming a regional medical hub for the area. The Gateway Health System operates a 270-bed hospital. Gateway Health System encompasses Gateway Medical Center, Gateway Home Care, and Gateway Health Foundation. Approximately 150 physicians, representing over 30 specialties, provide services in the hospital, with over 1,200 other personnel employed in the hospital. The 60 acre medical campus includes a 100,000 square foot Medical Office Building and allows for a second MOB to be added in the future as demand warrants.

Retail Trade

The area contains 17 shopping centers, downtown shopping, a regional shopping mall, and numerous specialty shops. Clarksville is home to several outlet stores, flea markets and antiques shops/malls. An open-air farmers market offers fresh fruit and produce.

From 2000 to 2010, sales subject to state sales tax have increased from \$1.4 billion to over \$2 billion reflecting a percentage increase of 70%.

Tourism, Restaurants and Lodging

As all other economic areas in the County have flourished, the tourism, restaurants and lodging business have expanded in sales and number of establishments. There are 39 hotels/motels and bed & breakfast facilities with more than 2,400 rooms in the County and more than 250 restaurants. More than 20 major attractions are available in the area.

The Kentucky Lake on the Tennessee River, Lake Barkley on the Cumberland River and the Land Between the Lakes form the most complete water related recreational area in the Tennessee Valley and are within a one-hour drive of the County. Fishing, boating, lodging and lake homes on the nearby lakes provide tourists with diversified attractions. The Parks and Recreation Department offers more than 18 parks, three community centers, and seven community pools.

Annual events include the Old-Time Fiddlers Championship, Mid South Jazz Festival, Oktoberfest, North Tennessee State Fair, Clarksville Rodeo, Tennessee Walking Horse Show, and Riverfest.

Higher Education

Montgomery County is home to one university, two colleges, a technology center and two vocational facilities offering a variety of four-year and two-year programs. These institutions include Austin Peay State University, Tennessee Technology Center, Draughton's Jr. College, Miller Motte Business College, North Central Institute, Tennessee Vocational Training Center, Bethel College and Nashville State Technical Institute.

Austin Peay State University is the primary institution of higher education in the County. It was founded in 1927 and had a Spring 2012 enrollment of over 10,800. The main campus is located on 160 acres with an additional site of 475 acres operated as an environmental education center. The University offers a diversified higher educational program offering 57 majors with more than 91 different areas of concentration and four Chairs of Excellence in the areas of creative arts, free enterprise, business and nursing and two Centers of Excellence in the areas of biology and the creative arts. The University has added a Business and Community Solution Center, which combines the efforts of the University and the Clarksville-Montgomery County Economic Development Council to provide a resource for business and economic development for the County.

Tennessee Technology Center is an occupational and technical training facility governed by the State Board of Regents and managed by the Dickson State Area Vocational-Technical Center.

Draughon's Jr. College offers one-year diplomas or two-year Associate degrees in Accounting, Business Management, Computer Information Technology, Health Information Technology, Pharmacy Technology, Criminal Justice, Legal Assisting, Medical Assisting, Radio Broadcasting, and Retail Management.

Miller-Motte Business College offers nine to eighteen month diplomas in Microcomputer Applications, Microcomputer Network Engineering, Electrician Technology, and Secretarial Science. Two-year Associate of Applied Science degrees are also available in Accounting Technology, Business Management, Computer-Aided Drafting, Medical Assisting, Microcomputer Applications, Office Administration, and Paralegal Technology.

North Central Institute is a non-denominational, privately owned, co-educational school of aviation and real estate, which operates by the authorization of the Tennessee Higher Education Commission.

Private Schools

There are multiple private schools in the County offering an educational program for grades pre-kindergarten through 12. The enrollment in these schools exceeds 1,000.

Public Education

One of the County's major assets is the education network of public and private elementary and secondary education and the higher education institutions. The Clarksville/Montgomery County School System provides the public education program in the County. All schools in the County are accredited by the Southern Association of Schools and Colleges and provide a diversified educational program within the state guidelines. The School System has been recognized in the top 10% of the nation's schools in meeting parents' goals. The enrollment is presented below.

School Year	Enrollment	Annual Increase
1990-1991	16,500	
2000-2001	24,141	
2001-2002	24,310	169
2002-2003	24,589	279
2003-2004	24,951	362
2004-2005	25,767	816
2005-2006	26,603	836
2006-2007	27,449	846
2007-2008	27,813	364
2008-2009	28,401	558
2009-2010	28,661	834
2010-2011	29,202	541
2011-2012	30,236	1,034

GREATER NASHVILLE REGION

Population for Region

The population of the Region is 27.1% of the state total population based on the 2010 U.S. Census. The County's population in 2010 represents 10.0% of the Region's total population of 1,722,648. The growth of the County was 27.9% from 2000 to 2010, which was more than the state's growth of 11.5%. The County is the fourth largest in the Region after Davidson, Rutherford and Williamson Counties.

County	2000	2010	Growth Percent	Percent of Region
Cheatham	35,912	39,105	8.9%	2.3%
Davidson	569,891	626,681	10.0%	36.4%
Dickson	43,156	49,666	15.1%	2.9%
Houston	8,088	8,426	4.2%	0.5%
Humphreys	17,929	18,538	3.4%	1.1%
Montgomery	134,768	172,331	27.9%	10.0%
Robertson	54,433	66,283	21.8%	3.8%
Rutherford	182,023	262,604	44.3%	15.2%
Stewart	12,370	13,324	7.7%	0.8%
Sumner	130,449	160,645	23.1%	9.3%
Trousdale	7,259	7,870	8.4%	0.5%
Williamson	126,638	183,182	44.7%	10.6%
Wilson	88,809	113,993	28.4%	6.6%
Total for Region	1,411,725	1,722,648	22.0%	100.0%
State of Tennessee	5,689,283	6,346,105	11.5%	
Region % of State	24.8%	27.1%		

Source: U.S. Bureau of the Census

Labor Force, Employment and Unemployment Data for Region – June 2012

For the month of June 2012, the County labor force represents 8.6% of the Region's total available labor force with an unemployment rate of 7.1%. The Region employs 28.2% of the state labor force and has an unemployment rate of 7.0 % while the State has a rate of 7.9% as presented in the table below.

County	Labor Force	Employment Number	% of Region	Unemployment Number	Rate
Cheatham	21,120	19,410	2.3%	1,710	8.1%
Davidson	335,450	310,980	37.2%	24,470	7.3%
Dickson	25,350	23,090	2.8%	2,260	8.9%
Houston	4,140	3,700	0.5%	440	10.6%
Humphreys	9,390	8,450	1.0%	940	10.0%
Montgomery	77,180	70,630	8.6%	6,550	8.5%
Robertson	34,690	32,260	3.8%	2,430	7.0%
Rutherford	143,040	133,210	15.9%	9,830	6.9%
Stewart	6,090	5,480	0.7%	610	10.0%
Sumner	83,710	78,110	9.3%	5,600	6.7%
Trousdale	3,710	3,450	0.4%	260	7.0%
Williamson	96,460	91,250	10.7%	5,210	5.4%
Wilson	61,520	57,580	6.8%	3,940	6.4%
Total for Region	901,850	837,600	100.0%	64,250	7.1%
State of Tennessee	3,106,100	2,861,300		244,800	7.9%
Region % of State	27.8%	28.2%			

GOVERNMENTAL STRUCTURE

County Government

The County government operates under the general laws and uniform structure for counties in Tennessee with a County Mayor, Highway Superintendent, Director of Schools, various county officials and a 21 member county legislative body. The County operates under the 1957 centralized accounting and budgeting for all departments except the Department of Education, which has its own business office.

Accounting and Financial Reporting for Post-Employment Benefits

See Appendix C, page 61, Note I.

Retirement Commitments

See page Appendix C, page 58, Note H.

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**GENERAL FINANCIAL INFORMATION
SUMMARY OF OUTSTANDING DEBT**

Amount Issued	Issue	Date Issued	Maturity Date	Interest Rate	Principal Outstanding 06/30/12
<u>Bonds</u>					
\$25,000,000	GO Public Improvement Bonds, Series 2003	6/1/13	6/1/23	2.00% - 4.25%	\$1,000,000
81,640,000	GO Refunding Bonds, Series 2003	6/1/03	6/1/13	4.75%	7,900,000
43,240,000	GO Refunding Bonds, Series 2004	3/15/04	3/15/20	2.30% - 4.75%	42,550,000
22,000,000	GO School and Public Improvement Bonds, Series 2004	11/1/04	4/1/15	4.00%	300,000
40,000,000	GO School and Public Improvement Bonds, Series 2005	12/1/05	4/1/26	4.00% - 4.50%	11,250,000
63,945,000	GO School Refunding Bonds, Series 2006	8/11/06	4/1/26	4.25% - 5.00%	56,120,000
18,000,000	GO School and Public Improvement Bonds, Series 2007	8/30/07	5/1/28	4.00% - 5.00%	15,450,000
18,450,000	GO Industrial Park Bonds, Series 2008	8/28/08	5/1/22	5.00%-5.625%	16,825,000
5,400,000	GO Bonds, Series 2010 (Build America Bonds or BABs)	2/4/10	4/1/30	2.96% - 3.64% ⁽²⁾	5,400,000
74,155,000	GO Refunding Bonds, Series 2011	4/1/10	4/1/24	2.00% - 5.00%	74,025,000
62,335,000	GO Schools and Public Improvement Bonds, Series 2011	7/28/11	4/1/29	2.00% - 5.00%	62,335,000
19,465,000	GO Refunding Bonds, Series 2012	4/25/12	4/1/25	1.00% - 5.00%	19,465,000
Sub-Total					\$312,620,000
<u>Loan Agreements</u>					
\$20,140,987	PBA Loan through TN County Services Assn	6/6/08	5/25/29	Variable	\$17,941,000 ⁽¹⁾
20,000,000	Qualified School Construction Bonds Issued by State	12/17/09	7/1/26	1.72%	17,712,060
2,470,731	Qualified Zone Academy (School) Bonds, Series 2001	2001	12/18/15	0.00%	705,923
2,751,820	Qualified Zone Academy (School) Bonds, Series 2005	2005	12/1/17	0.00%	1,789,555
Sub-Total					\$38,148,538
<u>Notes</u>					
250,000	Promissory Note - Land for Park	3/31/10	7/1/14	4.00%	\$145,839
Sub-Total					\$145,839
Total Outstanding Debt					\$350,914,377

DEBT STATEMENT

(as of June 30, 2012)

Outstanding Debt		
Total Outstanding Debt		\$350,914,377
Gross Direct Debt		\$350,914,377
Less: Loan Agreement to be Refunded		(17,941,000)
Plus: Current Offering: General Obligation Public Improvement and Refunding Bonds, Series 2012		28,040,000
Less: Estimated Debt Service Fund Balance as of June 30, 2012		(32,022,285)
Net Direct Debt		\$328,991,092
Net Overlapping Debt (as of June 30, 2012)		
City of Clarksville		\$90,872,303
Total Net Overlapping Debt		\$90,872,303
Overall Net Debt		\$419,863,395

DEBT RECORD

There is no record of a default on bond principal and interest from information available.

⁽¹⁾To be refunded with the General Obligation Public Improvement and Refunding Bonds, Series 2012 Refunding Bonds.

⁽²⁾Taxable Build America Bonds. Rate shown is net of 35% subsidy expected to be received from from U.S. Government.
Sources: Annual Financial Report for Fiscal Year ending June 30, 2011 and County Finance Department.

POPULATION

	Montgomery County	Since 2000 % Change	Tennessee	Since 2000 % Change
1980 Census	83,342	NA	4,591,023	NA
1990 Census	100,498	20.6%	4,877,203	6.2%
2000 Census	134,768	34.1%	5,689,283	16.7%
2007 Estimate	154,460	14.6%	6,156,719	8.2%
2008 Estimate	154,756	14.8%	6,214,888	9.2%
2009 Estimate	160,978	19.4%	6,296,254	10.7%
2010 Census	172,331	27.9%	6,346,105	11.5%

Source: US Census Bureau

DEBT PER CAPITA RATIOS

Outstanding Debt	\$2,036.28
Gross Direct Debt	\$2,036.28
Net Direct Debt	\$1,909.07
Total Net Overlapping Debt	\$527.31
Overall Net Debt	\$2,436.38

DEBT RATIOS

	Estimated Actual Value	Assessed Value
Outstanding Debt to	2.226%	11.184%
Gross Direct Debt to	2.226%	11.184%
Net Direct Debt to	2.087%	10.486%
Total Net Overlapping Debt to	0.576%	2.896%
Overall Net Debt to	2.664%	13.382%

DEBT TREND

Form of Debt	06/30/08	06/30/09	06/30/10	06/30/11	Estimate 06/30/12
Bonded Debt	\$281,490,000	\$288,540,000	\$280,180,000	\$266,750,000	\$312,620,000
Loan Agreements	23,785,452	20,278,371	39,231,202	41,012,415	38,148,538
Notes Payable	3,450,000	6,850,000	5,450,000	3,655,840	145,839
Gross Direct Debt	\$308,725,452	\$315,668,371	\$324,861,202	\$311,418,255	\$350,914,377
Less: Debt Service Fund Balance	(25,601,896)	(26,689,680)	(28,454,661)	(29,167,426)	(32,022,285)
Net Direct Debt	\$283,123,556	\$288,978,691	\$296,406,541	\$282,250,829	\$318,892,092

Sources: Annual Financial Reports as prepared and presented by The Division of County Audit for the fiscal years ending June 30, 2008-2011 and County officials.

DEBT SERVICE REQUIREMENTS
(as of June 30, 2012)

Year No.	Year Ended June 30	Principal Requirements					Interest Requirements					Total Debt Service Prin. & Int. Requirements	
		Bonds & Notes	Loan Agreements QZABs & QSC Bonds	Less: Loan Agreement to be Refunded	Plus: Current Offering Series 2012	Total Principal Requirements	Percent Principal Retired	Bonds & Notes ⁽¹⁾	Loan Agreements and QSC Bonds ⁽²⁾	Less: Loan Agreement to be Refunded ⁽²⁾	Plus: Current Offering Series 2012		Total Interest Requirements
1	2013	\$18,175,323	\$2,413,289	(\$790,000)	\$1,470,000	\$21,268,612		\$13,795,276	\$884,419	(\$715,007)	\$474,418	\$14,439,106	\$35,707,719
2	2014	19,157,336	2,440,289	(817,000)	1,460,000	22,240,625		13,044,177	884,419	(683,317)	931,150	14,176,429	36,417,054
3	2015	20,098,180	2,469,289	(846,000)	1,490,000	23,211,469		12,272,608	884,419	(650,540)	858,150	13,364,637	36,576,107
4	2016	20,160,000	2,499,289	(876,000)	1,575,000	23,358,289		11,475,581	884,419	(616,600)	783,650	12,527,050	35,885,339
5	2017	21,360,000	2,352,808	(906,000)	1,590,000	24,396,808	31.71%	10,634,431	884,419	(581,460)	704,900	11,642,290	36,039,099
6	2018	22,725,000	2,384,808	(938,000)	1,650,000	25,821,808		9,683,819	884,419	(545,113)	625,400	10,648,525	36,470,333
7	2019	23,850,000	2,417,808	(971,000)	1,715,000	27,011,808		8,692,069	877,560	(507,483)	542,900	9,605,046	36,616,854
8	2020	24,980,000	2,451,808	(1,005,000)	1,735,000	28,161,808		7,644,231	833,865	(468,530)	508,600	8,518,166	36,679,975
9	2021	25,780,000	2,486,808	(1,040,000)	1,755,000	28,981,808		6,486,119	788,640	(428,213)	473,900	7,320,446	36,302,254
10	2022	21,245,000	2,324,969	(1,077,000)	1,875,000	24,367,969	68.92%	5,220,925	741,840	(386,490)	438,800	6,015,075	30,383,044
11	2023	20,720,000	2,362,969	(1,115,000)	1,900,000	23,867,969		4,311,863	693,375	(343,283)	363,800	5,025,755	28,893,724
12	2024	20,600,000	2,401,969	(1,154,000)	1,980,000	23,827,969		3,374,775	643,200	(298,553)	316,300	4,035,722	27,863,691
13	2025	17,860,000	2,441,969	(1,194,000)	1,550,000	20,657,969		2,472,675	591,270	(252,260)	266,800	3,078,485	23,736,454
14	2026	16,080,000	2,606,816	(1,236,000)	1,595,000	19,045,816		1,629,250	537,540	(204,360)	204,800	2,167,230	21,213,046
15	2027	8,025,000	1,397,647	(1,280,000)	1,955,000	10,097,647	95.93%	938,325	204,170	(154,773)	141,000	1,128,722	11,226,369
16	2028	8,050,000	1,325,000	(1,325,000)	1,350,000	9,400,000		537,350	121,320	(103,423)	82,350	637,597	10,037,597
17	2029	3,175,000	1,371,000	(1,371,000)	1,395,000	4,570,000		171,475	61,695	(50,270)	41,850	224,750	4,794,750
18	2030	725,000				725,000	100.00%	40,600				40,600	765,600
		<u>\$312,765,839</u>	<u>\$38,148,537</u>	<u>(\$17,941,000)</u>	<u>\$28,040,000</u>	<u>\$361,013,376</u>		<u>\$112,425,549</u>	<u>\$11,400,989</u>	<u>(\$6,989,675)</u>	<u>\$7,758,768</u>	<u>\$124,595,631</u>	<u>\$485,609,008</u>

⁽¹⁾Includes Series 2010 Taxable Build America Bonds. The interest is net of 35% subsidy expected to be received from from U.S. Government.

⁽²⁾The PBA loan through the Tennessee County Services Association is a variable rate and resets weekly. We have used an estimated interest using a rate of 3.00% for the computations.

Sources: Annual Financial Report for Fiscal Year ending June 30, 2011 and County Finance Department.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

State Taxation of Property; Classifications of Taxable Property; Assessment Rates

Under the Constitution and laws of the State of Tennessee, all real and personal property is subject to taxation, except to the extent that the General Assembly of the State of Tennessee (the “*General Assembly*”) exempts certain constitutionally permitted categories of property from taxation. Property exempt from taxation includes federal, state and local government property, property of housing authorities, certain low cost housing for elderly persons, property owned and used exclusively for certain religious, charitable, scientific and educational purposes and certain other property as provided under Tennessee law.

Under the Constitution and laws of the State of Tennessee, property is classified into three separate classes for purposes of taxation: Real Property; Tangible Personal Property; and Intangible Personal Property. Real Property includes lands, structures, improvements, machinery and equipment affixed to realty and related rights and interests. Real Property is required constitutionally to be classified into four sub classifications and assessed at the rates as follows:

- (a) Public Utility Property (which includes all property of every kind used or held for use in the operation of a public utility, such as railroad companies, certain telephone companies, freight and private car companies, street car companies, power companies, express companies and other public utility companies), to be assessed at 55% of its value;
- (b) Industrial and Commercial Property (which includes all property of every kind used or held for use for any commercial, mining, industrial, manufacturing, business or similar purpose), to be assessed at 40% of its value;
- (c) Residential Property (which includes all property which is used or held for use for dwelling purposes and contains no more than one rental unit), to be assessed at 25% of its value; and
- (d) Farm Property (which includes all real property used or held for use in agriculture), to be assessed at 25% of its value.

Tangible Personal Property includes personal property such as goods, chattels and other articles of value, which are capable of manual or physical possession and certain machinery and equipment. Tangible Personal Property is required constitutionally to be classified into three sub classifications and assessed at the rates as follows:

- (a) Public Utility Property, to be assessed at 55% of its value;
- (b) Industrial and Commercial Property, to be assessed at 30% of its value; and
- (c) All other Tangible Personal Property (including that used in agriculture), to be assessed at 5% of its value, subject to an exemption of \$7,500 worth of Tangible Personal Property for personal household goods and furnishings, wearing apparel and other tangible personal property in the hands of a taxpayer.

Intangible Personal Property includes personal property, such as money, any evidence of debt owed to a taxpayer, any evidence of ownership in a corporation or other business organization having multiple owners and all other forms of property, the value of which is expressed in terms of what the property represents rather than its own intrinsic value. The Constitution of the State of Tennessee empowers the General Assembly to classify Intangible Personal Property into sub classifications and to establish a ratio of assessment to value in each class or subclass and to provide fair and equitable methods of apportionment of the value to the State of Tennessee for purposes of taxation.

The Constitution of the State of Tennessee requires that the ratio of assessment to value of property in each class or subclass be equal and uniform throughout the State of Tennessee and that the General Assembly direct the method to ascertain the value and definition of property in each class or subclass. Each respective taxing authority is constitutionally required to apply the same tax rate to all property within its jurisdiction.

County Taxation of Property

The Constitution of the State of Tennessee empowers the General Assembly to authorize the several counties and incorporated towns in the State of Tennessee to impose taxes for county and municipal purposes in the manner prescribed by law. Under the *Tennessee Code Annotated*, the General Assembly has authorized the counties in Tennessee to levy an *ad valorem* tax on all taxable property within their respective jurisdictions, the amount of which is required to be fixed by the county legislative body of each county based upon tax rates to be established on the first Monday of July of each year or as soon thereafter as practicable.

All property is required to be taxed according to its values upon the principles established in regard to State taxation as described above, including equality and uniformity. All counties, which levy and collect taxes to pay off any bonded indebtedness, are empowered, through the respective county legislative bodies, to place all funds levied and collected into a special fund of the respective counties and to appropriate and use the money for the purpose of discharging any bonded indebtedness of the respective counties.

Assessment of Property

County Assessments; County Board of Equalization. The function of assessment is to assess all property (with certain exceptions) to the person or persons owning or claiming to own such property on January 1 for the year for which the assessment is made. All assessment of real and personal property are required to be made annually and as of January 1 for the year to which the assessment applies. Not later than May 20 of each year, the assessor of property in each county is required to (a) make an assessment of all property in the county and (b) note upon the assessor's records the current classification and assessed value of all taxable property within the assessor's jurisdiction.

The assessment records are open to public inspection at the assessor's office during normal business hours. The assessor is required to notify each taxpayer of any change in the classification or assessed value of the taxpayer's property and to cause a notice to be published in a newspaper of general circulation stating where and when such records may be inspected and describing certain information concerning the convening of the county board of equalization. The notice to taxpayers and such

published notice are required to be provided and published at least 10 days before the local board of equalization begins its annual session.

The county board of equalization is required (among other things) to carefully examine, compare and equalize the county assessments; assure that all taxable properties are included on the assessments lists and that exempt properties are eliminated from the assessment lists; hear and act upon taxpayer complaints; and correct errors and assure conformity to State law and regulations.

State Assessments of Public Utility Property; State Board of Equalization. The State Comptroller of the Treasury is authorized and directed under Tennessee law to assess for taxation, for State, county and municipal purposes, all public utility properties of every description, tangible and intangible, within the State. Such assessment is required to be made annually as of the same day as other properties are assessed by law (as described above) and takes into account such factors as are prescribed by Tennessee law.

On or before the first Monday in August of each year, the assessments are required to be completed and the State Comptroller of the Treasury is required to send a notice of assessment to each company assessable under Tennessee law. Within ten days after the first Monday in August of each year, any owner or user of property so assessed may file an exception to such assessment together with supporting evidence to the State Comptroller of the Treasury, who may change or affirm the valuation. On or before the first Monday in September of each year, the State Comptroller of the Treasury is required to file with the State Board of Equalization assessments so made. The State Board of Equalization is required to examine such assessments and is authorized to increase or diminish the valuation placed upon any property valued by the State Comptroller of the Treasury.

The State Board of Equalization has jurisdiction over the valuation, classification and assessment of all properties in the State. The State Board of Equalization is authorized to create an assessment appeals commission to hear and act upon taxpayer complaints. The action of the State Board of Equalization is final and conclusive as to all matters passed upon by the Board, subject to judicial review consisting of a new hearing in chancery court.

Periodic Reappraisal and Equalization

Tennessee law requires reappraisal in each county by a continuous six-year cycle comprised of an on-site review of each parcel of real property over a five-year period, or, upon approval of the State Board of Equalization, by a continuous four-year cycle comprised of an one-site review of each parcel of real property over a three-year period, followed by revaluation of all such property in the year following completion of the review period. Alternatively, if approved by the assessor and adopted by a majority vote of the county legislative body, the reappraisal program may be completed by a continuous five-year cycle comprised of an on-site review of each parcel of real property over a four-year period followed by revaluation of all such property in the year following completion of the review period.

After a reappraisal program has been completed and approved by the Director of Property Assessments, the value so determined must be used as the basis of assessments and taxation for property that has been reappraised. The State Board of Equalization is responsible to determine whether or not property within each county of the State has been valued and assessed in accordance with the Constitution and laws of the State of Tennessee.

Valuation for Property Tax Purposes

County Valuation of Property. The value of all property is based upon its sound, intrinsic and immediate value for purposes of sale between a willing seller and a willing buyer without consideration of speculative values. In determining the value of all property of every kind, the assessor is to be guided by, and follow the instructions of, the appropriate assessment manuals issued by the division of property assessments and approved by the State board of equalization. Such assessment manuals are required to take into account various factors that are generally recognized by appraisers as bearing on the sound, intrinsic and immediate economic value of property at the time of assessment.

State Valuation of Public Utility Property. The State Comptroller of the Treasury determines the value of public utility property based upon the appraisal of the property as a whole without geographical or functional division of the whole (*i.e.*, the unit rule of appraisal) and on other factors provided by Tennessee law. In applying the unit rule of appraisal, the State Comptroller of the Treasury is required to determine the State's share of the unit or system value based upon factors that relate to the portion of the system relating to the State of Tennessee.

Certified Tax Rate

Upon a general reappraisal of property as determined by the State Board of Equalization, the county assessor of property is required to (1) certify to the governing bodies of the county and each municipality within the county the total assessed value of taxable property within the jurisdiction of each governing body and (2) furnish to each governing body an estimate of the total assessed value of all new construction and improvements not included on the previous assessment roll and the assessed value of deletions from the previous assessment roll. Exclusive of such new construction, improvements and deletions, each governing body is required to determine and certify a tax rate (herein referred to as the "*Certified Tax Rate*") which will provide the same *ad valorem* revenue for that jurisdiction as was levied during the previous year. The governing body of a county or municipality may adjust the Certified Tax Rate to reflect extraordinary assessment changes or to recapture excessive adjustments.

Tennessee law provides that no tax rate in excess of the Certified Tax Rate may be levied by the governing body of any county or of any municipality until a resolution or ordinance has been adopted by the governing body after publication of a notice of the governing body's intent to exceed the Certified Tax Rate in a newspaper of general circulation and the holding of a public hearing.

The Tennessee Local Government Public Obligations Act of 1986 provides that a tax sufficient to pay when due the principal of and interest on general obligation bonds (such as the Bonds) shall be levied annually and assessed, collected and paid, in like manner with the other taxes of the local government as described above and shall be in addition to all other taxes authorized or limited by law. Bonds issued pursuant to the Local Government Public Obligations Act of 1986 may be issued without regard to any limit on indebtedness provided by law.

Tax Collection and Tax Lien

Property taxes are payable the first Monday in October of each year. The county trustee of each county acts as the collector of all county property taxes and of all municipal property taxes when the municipality does not collect its own taxes.

The taxes assessed by the State of Tennessee, a county, a municipality, a taxing district or other local governmental entity, upon any property of whatever kind, and all penalties, interest and costs accruing thereon become and remain a first lien on such property from January 1 of the year for which such taxes are assessed. In addition, property taxes are a personal debt of the property owner as of January and, when delinquent, may be collected by suit as any other personal debt. Tennessee law prescribes the procedures to be followed to foreclose tax liens and to pursue legal proceedings against property owners whose property taxes are delinquent.

Tax Freeze for the Elderly Homeowners

The Tennessee Constitution was amended by the voters in November, 2006 to authorize the Tennessee General Assembly to enact legislation providing property tax relief for homeowners age 65 and older. The General Assembly subsequently adopted the Property Tax Freeze Act permitting (but not requiring) local governments to implement a program for “freezing” the property taxes of eligible taxpayers at an amount equal to the taxes for the year the taxpayer becomes eligible. For example, if a taxpayer’s property tax bill is \$500 for the year in which he becomes eligible, his property taxes will remain at \$500 even if property tax rates or appraisals increase so long as he continues to meet the program’s ownership and income requirements. On March 10, 2008, the Montgomery County Commission adopted the Property Tax Freeze Program for the County.

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PROPERTY VALUATION AND PROPERTY TAX

Fiscal Year	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Tax Year	2007	2008	2009	2010	2011
ESTIMATED ACTUAL VALUES⁽¹⁾			Reappraisal Yr.		
Residential & Farm	\$5,832,902,800	\$6,873,701,571	\$7,295,617,300	\$7,409,691,000	\$7,629,042,000
Commercial & Industrial	1,826,682,000	2,252,824,579	2,489,254,100	2,420,216,100	2,384,158,200
Personal Tangible Property	556,167,407	555,072,110	432,963,867	594,728,107	551,657,790
Public Utilities	172,773,297	164,484,504	164,484,505	176,533,975	185,111,552
Total Assessor's Appraised Values	\$8,388,525,504	\$9,846,082,764	\$10,382,319,772	\$10,601,169,182	\$10,749,969,542
In-lieu of Property Tax Values (1)	28,402,164	36,188,299	43,857,793	83,330,100	83,330,100
Fort Campbell Property Values (2)	2,623,666,127	3,292,018,801	3,291,997,793	4,110,768,668	4,929,539,544
Total Estimated Actual Values	\$11,040,593,795	\$13,174,289,864	\$13,718,175,358	\$14,795,267,950	\$15,762,839,186
Annual Percentage Change	12.10%	19.33%	4.13%	7.85%	6.54%
Estimated Per Capita Actual Values	\$71,479	\$85,129	\$85,218	\$85,854	\$91,468
ASSESSED VALUES⁽¹⁾					
Residential & Farm (at 25%)	\$1,458,225,700	\$1,531,117,025	\$1,825,831,225	\$1,852,422,750	\$1,907,274,700
Commercial & Industrial (at 40%)	730,672,800	802,906,680	991,746,760	968,086,440	952,892,000
Personal Tangible Property (at 30%)	166,850,222	148,370,775	179,626,028	178,418,432	189,206,319
Public Utilities (at 30%-55%)	67,380,363	64,102,507	64,102,507	77,227,249	88,165,691
Total Assessor Assessed Values	\$2,423,129,085	\$2,546,496,987	\$3,061,306,520	\$3,076,154,871	\$3,137,538,710
Annual Percentage Change	5.94%	5.09%	20.22%	0.49%	2.00%
Estimated Per Capita Amount	\$15,688	\$16,455	\$19,782	\$19,109	\$18,206
Appraisal Ratio	100.00%	89.10%	100.00%	100.00%	100.00%
Assessed Values to Appraised Values	28.89%	25.86%	29.49%	29.02%	29.19%
Property Tax Rate					
General	\$0.970	\$0.970	\$0.930	\$0.930	\$0.930
Highway/Public Works	0.130	0.130	0.120	0.120	0.120
General Purpose School	1.020	1.020	0.884	0.884	0.968
Debt Service	0.897	0.897	0.840	0.850	1.026
General Capital Projects	0.055	0.055	0.047	0.037	0.037
Schools Capital Projects	<u>0.068</u>	<u>0.068</u>	<u>0.059</u>	<u>0.059</u>	<u>0.059</u>
Total Property Tax Rate	<u>\$3.140</u>	<u>\$3.140</u>	<u>\$2.880</u>	<u>\$2.880</u>	<u>\$3.140</u>
Taxes Levied					
Total Assessed Taxes Levied	\$76,568,756	\$80,683,368	\$86,705,215	\$88,145,400	\$98,122,675
Total In-lieu of Property Tax Levied	356,731	454,525	505,241	522,634	640,481
Collections					
Current Fiscal Year	\$72,955,555	\$76,335,210	\$81,486,889	\$83,640,297	\$94,119,376
Percent Collected Current FY	95.28%	94.61%	93.98%	94.89%	95.92%
Amount Uncollected as of 6/30/2012	\$103,827	\$109,994	\$530,641	\$1,232,521	\$4,003,299
Percent Collected	99.86%	99.86%	99.39%	98.60%	95.92%
Percent Uncollected	0.14%	0.14%	0.61%	1.40%	4.08%

(1) The County has entered into a tax abatement program with eight firms that are paying a total of \$811,950 for the 2011 Tax Year. The in-lieu of taxes paid were used to project the actual value for the property subject to the tax abatement program.

(2) The County has the only military base in the State of Tennessee and one of the largest in the USA. The base is the largest employer in Tennessee and Kentucky. The base has significant development amounting to over \$4,178,511,521 with 85% of it in Tennessee and 15% in Kentucky. The majority of the development in Tennessee is in Montgomery County except for a small portion of undeveloped land (25,973 acres) in Stewart County with an estimated value over \$250,000,000. The total land area in Tennessee is 68,444 acres amounting to a projected value of Fort Campbell in Montgomery County of \$3,291,997,793.

Sources: State Board of Equalization, State Board of Equalization Tax Aggregate Reports of Tennessee, Tennessee Office of State Assessed Properties, Property Assessor's office and County Trustee of Montgomery County, TN and Comprehensive Annual Financial Reports as prepared and presented by The Division of County Audit for the fiscal years ending June 30, 2007 - 2011.

TOP TAXPAYERS

<u>Business</u>	<u>Type of Business</u>	2011 Tax Year	Assessed Value
		FY 2011-12 <u>Assessed Value</u>	as a % of 2011 <u>Total Assessment</u>
Clarksville Health System	Healthcare	\$65,376,557	2.08%
Cumberland Electric	Utility	34,904,980	1.11%
Bridgestone Metalpha USA	Tires	28,822,220	0.92%
Pasminco Zinc, Inc	Manufacturing	21,235,080	0.68%
Florim USA	Porcelain Tile Manufacturer	20,727,250	0.66%
Walmart	Retail	18,233,762	0.58%
Trane Company	Heating & cooling equipment	16,979,740	0.54%
Jostens / Quad Graphics	Yearbook Printing	16,489,954	0.53%
ABMA LLC (Akebono Brake)	Brake Manufacturing	16,203,396	0.52%
Governor's Square	Retail shopping mall	14,999,245	0.48%

Sources: Montgomery County Assessor of Property

FUND BALANCES

	<u>06/30/08</u>	<u>06/30/09</u>	<u>06/30/10</u>	<u>06/30/11</u>	<u>Estimate 6/30/2012</u>
GOVERNMENTAL FUNDS					
General Government Fund	\$19,527,697	\$19,861,355	\$22,149,410	\$22,060,717	\$23,046,904
Special Revenue Funds	1,526,821	1,136,974	2,018,952	2,738,946	2,978,299
Education Funds	20,209,969	27,680,678	23,269,502	24,198,506	26,765,743
Debt Service Funds	24,741,067	26,689,670	28,454,661	30,418,761	32,022,285
Total Operating Funds	\$66,005,554	\$75,368,677	\$75,892,525	\$79,416,930	\$84,813,231
Capital Project - Gen. Government	23,415,979	7,614,678	3,132,866	2,124,037	38,435,661
Capital Project-Education	3,156,647	6,125,853	21,252,155	7,631,299	6,126,017
Total Governmental Funds	\$92,578,180	\$89,109,208	\$100,277,546	\$89,172,266	\$129,374,909

Sources: Annual Financial Reports as prepared and presented by The Division of County Audit for the fiscal years ending June 30, 2008-2011 and County officials.

LOCAL SALES TAX

	<u>06/30/08</u>	<u>06/30/09</u>	<u>06/30/10</u>	<u>06/30/11</u>	<u>Estimate 6/30/2012</u>
Rate (Percent of retail sales)	2.50%	2.50%	2.50%	2.50%	2.50%
Distribution					
General Debt Service Fund	\$2,899,239	\$2,973,898	\$3,095,126	\$3,236,669	\$3,805,449
General Fund	0	1,182	0	0	0
General Purpose School Fund	31,227,581	32,020,303	33,320,858	34,832,038	41,032,880
Cities Portion	11,068,305	11,282,435	11,762,261	12,160,832	14,642,253
Total Amount Collected	\$45,195,125	\$46,277,818	\$48,178,245	\$50,229,539	\$59,480,582
% of Increase	-3.61%	2.40%	4.11%	4.26%	18.42%

The reason for the increase in sales tax revenues in 2012 is due to troops returning to Fort Campbell from deployment.

Sources: Annual Financial Reports as prepared and presented by The Division of County Audit for the fiscal years ending June 30, 2008-2011 and County officials.

WHEEL TAX

	<u>06/30/08</u>	<u>06/30/09</u>	<u>06/30/10</u>	<u>06/30/11</u>	<u>Estimate 6/30/2012</u>
Rate Per Vehicle	\$30.50	\$30.50	\$30.50	\$30.50	\$30.50
General Purpose School Fund	\$3,650,243	\$3,710,968	\$3,379,672	\$3,890,329	\$3,907,191
Total Amount Collected	\$3,650,243	\$3,710,968	\$3,379,672	\$3,890,329	\$3,907,191
% of Increase	2.90%	1.66%	-8.93%	15.11%	0.43%

Sources: Annual Financial Reports as prepared and presented by The Division of County Audit for the fiscal years ending June 30, 2008-2011 and County officials.

APPENDIX C

Comprehensive Annual Financial Report of the County for the
Fiscal Year Ended June 30, 2011

11148482.1

SELECTED FINANCIAL INFORMATION REGARDING THE COUNTY

General

The County accounts for its financial resources on the basis of funds and account groups, each of which is considered a separate accounting entity. The General Fund is the general operating fund of the County. Other funds include Special Revenue Funds, the General Debt Service Fund, Capital Projects Funds, Internal Service Funds and Trust and Agency Funds. For additional information regarding the component units, see Notes to the General Purpose Financial Statements contained in APPENDIX C hereto.

Revenues received from ad valorem taxes levied on all taxable property within the boundaries of the County securing the payment of principal of and interest on the Obligations are deposited in the Debt Service Funds of the County. Such tax collections for the Obligations will be used exclusively to pay the principal of and interest on the Obligations. Included as APPENDIX C to this Official Statement are the General Purpose Financial Statements and notes thereto for the fiscal year ended June 30, 2010. Potential purchasers should read APPENDIX C in its entirety for more complete information concerning the County's financial position.

The County uses the modified accrual basis of accounting for all Governmental Funds, Expendable Trust Funds and Agency Funds. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when the related fund liability is incurred. Funds where expenditures determine the eligibility for grants recognize revenue at the time of the expenditures. Grant proceeds received prior to meeting the aforementioned revenue recognition policy are recorded as deferred revenues. Principal and interest on general long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

The primary revenue susceptible to accrual are revenues received from the State of Tennessee. Sales tax collected and held by the State at year end on behalf of the County and its component units are also recognized as revenue.

All Proprietary Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when incurred.

For additional information regarding these funds, see Notes to the Comprehensive Annual Financial Report of the County for the Fiscal Year Ended June 30, 2010 in APPENDIX C hereto.