

LOUDON COUNTY COMMISSION WORKSHOP

Monday, October 3, 2011
Courthouse Annex Building
5:00 pm

1. **This is the time for audience members to speak on items on or not on the Agenda.**

2. **Loudon County Mayor - Estelle Herron**
 - A. Discussion of Options for Financing the School Building Program

3. **Loudon County Commissioner - Sharon Yarbrough**
 - A. Tennessee County Services Loan Pool Representative
 - B. Review of Request for Proposal Sent to Local Banks
 - C. Review of Local Banks Proposals Submitted to Purchasing Department

4. **Any other items**

5. **Adjournment**



LOUDON COUNTY GOVERNMENT

Leo Bradshaw
Director of Purchasing and Maintenance

100 River Road, #110
Loudon, TN 37774

Phone 865-458-4663 ext. 101
Fax 865-458-4871
E-Mail leo.bradshaw@loudoncounty-tn.gov

August 25, 2011

Proposal Request -- Financing for Loudon County School Building Program


Loudon County Government is soliciting financial institutions for proposals on a loan to finance the school building program for Loudon County. Funds are to be used for building two (2) new school buildings and a addition to one (1) school building in Loudon County. Below are specifics on the loan:

- A. Dollar amount needed \$43,000,000.00.
- B. Quote for fixed and variable rates for 20 year and 25 year loan.
- C. Interest Rate – qualified and nonqualified.
- D. Penalty for early payoff.
- E. Total fees and/or any other associated cost involved in completing the transaction.
- G. Option to make Draws on loan during Construction process?
- H. Construction estimated to be over a two (2) year period.

If your financial institution is interested in providing funding for this project, please respond with a Proposal by 4:00 P.M. Wednesday September 14, 2011. Proposal must be received at the Loudon County Purchasing office at the above address by 4:00 P.M.

Based on the Proposal, you may be asked to make a presentation to the Loudon County Commission and County Officials to discuss the proposal and answer any questions.

Please give me a call at the above number with any questions.


Leo Bradshaw
Director of Purchasing
Loudon County, Tennessee

PROPOSAL SUMMARY TERM SHEET

September 14, 2011

Loudon County, Tennessee
100 River Road #101
Loudon, Tennessee 37774

Attention: Leo Bradshaw

Re: Proposed Term Loan to Loudon County, Tennessee

Dear Leo:

SunTrust Bank (the "*Bank*") is pleased to consider making a term loan (the "*Facility*") in the principal amount of \$43,000,000 to Loudon County, Tennessee (the "*Borrower*") based substantially on the proposed summary of terms and conditions set forth on Annex I attached hereto (Annex I, together with this letter, this "*Proposal Letter*").

This Proposal Letter is an expression of interest by the Bank in the proposed Facility and should not be construed to be, expressly or by implication, a commitment, an offer, an agreement in principle or an agreement by the Bank to provide the proposed Facility. After the Bank has conducted further due diligence, we may decide to modify the proposed terms and conditions, or we may decide not to provide the proposed Facility.

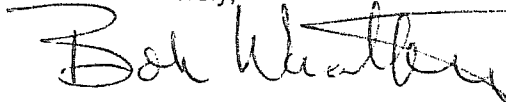
[This Proposal Letter is for your confidential use only and is sent to you on the condition that neither the existence of this Proposal Letter nor its contents will be disclosed publicly or privately to any person or entity, except to those of the Borrower's officers, employees, agents, counsel or accountants directly involved with this proposed financing and then only on the basis that it not be further disclosed, by which condition the Borrower agrees to be bound upon acceptance of this letter. Without limiting the generality of the foregoing, none of such persons shall use or refer to the Bank or any of its affiliates in any disclosure made in connection with the proposed transaction without the Bank's prior written consent.]

This Proposal Letter is not intended to, and shall not create a legally binding obligation on the part of the Bank or the Borrower. This Proposal Letter constitutes the entire understanding between the Bank and the Borrower in connection with the proposed Facility as of the date hereof and supersedes any prior written or oral communications or understandings. This Proposal Letter may be amended only in writing signed by both the Bank and the Borrower.

This Proposal Letter shall be governed by the laws of the State of Tennessee.

If you have any questions in connection with this Proposal Letter or any of the proposed terms and conditions, please do not hesitate to contact me.

Yours sincerely,



Bob Wrather
Senior Vice President

**SUNTRUST TERM SHEET
FLOATING AND FIXED RATE**

Borrower: Loudon County, Tennessee
100 River Road
Loudon, Tennessee 37774

Bank: SunTrust Bank

Contact: Bob Wrather
Senior Vice President
SunTrust Bank
9950 Kingston Pike
2nd Floor
Knoxville, Tennessee 37922
Phone: 865-560-5887

Facility Type: Non Bank Qualified Loan in the form of a tax-exempt general obligation note (the "Note")

Purpose The proceeds from the Note will be used to fund the school building program for Loudon County. Funds will be used for two (2) new school buildings and an addition to one (1) school building.

Amount: Up to \$43,000,000

Terms: Interest to be paid every six (6) months with the first interest payment due six (6) months from the closing date of the Note. Principal shall be due annually beginning 6-30-2012.

Security: General Obligation of the issuer and a pledge of the tax increase associated with the school project.

Interest Rate:

FLOATING RATE OPTION: The Note will bear interest at a per annum rate equal to .77 of the sum of 1-month LIBOR plus 1.45%, reset on the first day of each calendar month. For example, today's rate would be 1-month LIBOR (0.23) plus 1.45% times .77=1.29%.Libor shall be defined pursuant to Addendum A.

FIXED RATE OPTIION: SunTrust will offer a fixed rate of 2.55%

Maturity Date: 20 years from the closing date.

OR AND

Term of Non Bank Qualified Note: Initially, 7 years, at which time the Bank, in its sole discretion, has the right to "put" the (NBQ) Note to the Borrower; provided, that the Bank must give written notice to the (Borrower) not earlier than 120 days and not later than 90 days prior to the end of such 7 year period that it will, in its sole discretion, extend the term for an additional 7 year period.

Prepayment The Bank will allow full or partial prepayment at any time without any penalty.

After-Tax Yield Maintenance

- The interest rates quoted herein take into consideration a marginal federal corporate tax rate of 35%. In the event of a decrease in the marginal maximum corporate tax rate, the Bank shall have the right to adjust the interest rate upwards in order to maintain the same after tax yield.
- If a determination of taxability event occurs [(a) the Bonds shall be subject to mandatory tender by the Owners OR (b) the rate will be adjusted upwards in order for the Bank to maintain the same after tax yield.] effective as of the date of the determination of taxability event. [Consult Credit for rate and which clause to use— or do we require a tender] Upon such an occurrence of a Determination of Taxability, the Company hereby agrees to pay to the Bank certain additional amounts, as follows: an additional amount equal to the difference between (i) the amount of interest paid on the Bonds during the Taxable Period and (ii) the amount of interest that would have been paid on the Bonds during the Taxable Period had the Bonds borne interest at the Taxable Rate plus an amount equal to any interest, penalties on overdue interest and additions to tax (as referred to in Subchapter A of Chapter 68 of the Code) owed by the Bank as a result of the occurrence of a Determination of Taxability.

Capital Adequacy

- The Bank shall have the right to adjust the interest rate upwards in order to maintain the same after tax yield if the adoption or taking effect of, or the change (including by interpretation or application) of, any laws, regulations, rules, guidelines, directives or treaties) and adversely affects SunTrust's after tax yield.

Financing Documents Financing Documents will include all documents as prescribed by Bond Counsel and Bank's Attorney.

Legal Fees: All closing costs will be the responsibility of the Borrower.

Covenants and Conditions

- A) All matters relating to this loan, including all instruments and documents required, are subject to the Bank's policies and procedures in effect, applicable governmental regulations and/or statutes, and approval by the Bank and the Bank's Counsel.
- B) Borrower shall submit annual financial statements within 180 days of fiscal year end, together with an annual budget within 30 days of adoption, together with any other information the Bank may reasonably request.
- C) Borrower shall be required to deliver a written opinion from Borrower's Counsel, in form and substance acceptable to the Bank and Bank's Counsel, that all documents are valid, binding and enforceable in accordance with their terms, that execution and delivery of said documents has been duly authorized, and addressing such other matters as the Bank and the Bank's Counsel deem appropriate.
- D) The Borrower shall comply with and agree to such other covenants, terms, and conditions that may be reasonably required by the Bank and its counsel and are customary in non-governmental financings of this nature. These covenants would include, but are not to be limited to, covenants regarding compliance with laws and regulation, remedies in the event of default and the right of Bank to transfer and assign the Bond.
- E) Receipt of opinions from Bond Counsel in each case in form and substance satisfactory to the Bank, which shall include, without limitation, opinion that the financing is tax-exempt .
- F) The Borrower shall agree to have the interest payments collected via ACH Direct Debit from a SunTrust Bank account of their choice.

Rate Covenant: The Authority shall maintain a rate covenant [as is currently called for in existing indebtedness] which we understand to be 1.1 times.]

- G) Parity: This debt will be on parity with all other senior debt
- H) **Additional Bonds Test:** In order to issue additional parity bonds secured by Pledged Revenues, the average net Pledged Revenues for the two most recent fiscal years must equal at least 1.20 x the projected maximum annual debt service on the existing and proposed debt.

SECTION 1

Definitions. As used in this Addendum, the following terms shall have the meanings set forth below:

"Bank" shall mean SunTrust Bank and its successors and assigns.

"Borrower" shall collectively and individually refer to the maker of the attached note dated _____, _____ ("Note"). The terms of this Addendum are hereby incorporated into the Note and in the event of any conflict between the terms of the Note and the terms of this Addendum, the terms of this Addendum shall control.

"Business Day" shall mean, with respect to Interest Periods applicable to the LIBOR Rate, a day on which the Bank is open for business and on which dealings in U.S. dollar deposits are carried on in the London Inter-Bank Market.

"Interest Period" shall mean a period of one (1) month, provided that (i) the initial Interest Period may be less than one month, depending on the initial funding date and (ii) no Interest Period shall extend beyond the maturity date of the Note.

"Interest Rate Determination Date" shall mean the date the Note is initially funded and the first Business Day of each calendar month thereafter.

"LIBOR Rate" shall mean that rate per annum effective on any Interest Rate Determination Date which is equal to the quotient of:

(i) the rate per annum equal to the offered rate for deposits in U.S. dollars for a one (1) month period, which rate appears on that page of Bloomberg reporting service, or such similar service as determined by the Bank, that displays British Bankers' Association interest settlement rates for deposits in U.S. Dollars, as of 11:00 A.M. (London, England time) two (2) Business Days prior to the Interest Rate Determination Date; provided, that if no such offered rate appears on such page, the rate used for such Interest Period will be the per annum rate of interest determined by the Bank to be the rate at which U.S. dollar deposits for the Interest Period, are offered to the Bank in the London Inter-Bank Market as of 11:00 A.M. (London, England time), on the day which is two (2) Business Days prior to the Interest Rate Determination Date, divided by

(ii) a percentage equal to 1.00 *minus* the maximum reserve percentages (including any emergency, supplemental, special or other marginal reserves) expressed as a decimal (rounded upward to the next 1/100th of 1%) in effect on any day to which the Bank is subject with respect to any LIBOR loan pursuant to regulations issued by the Board of Governors of the Federal Reserve System with respect to eurocurrency funding (currently referred to as "eurocurrency liabilities" under Regulation D). This percentage will be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Prime Rate" shall mean the publicly announced prime lending rate of the Bank from time to time in effect, which rate may not be the lowest or best lending rate made available by the Bank or, if the Note is governed by Subtitle 10 of Title 12 of the Commercial Law Article of the Annotated Code of Maryland, "Prime Rate" shall mean the Wall Street Journal Prime Rate, which is the Prime Rate published in the "Money Rates" section of the *Wall Street Journal* from time to time.

SECTION 2

Interest. The Borrower shall pay interest upon the unpaid principal balance of the Note at the LIBOR Rate plus the margin provided in the Note. Interest shall be due and payable as provided in the Note and shall be calculated on the basis of a 360 day year and the actual number of days elapsed. The interest rate shall remain fixed during each month based upon the interest rate established pursuant to this Addendum on the applicable Interest Rate Determination Date.

SECTION 3

Additional Costs. In the event that any applicable law or regulation or the interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof (whether or not having the force of law) (i) shall change the basis of taxation of payments to the Bank of any amounts payable by the Borrower hereunder (other than taxes imposed on the overall net income of the Bank) or (ii) shall impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by the Bank, or (iii) shall impose any other condition with respect to the Note, and the result of any of the foregoing is to increase the cost to the Bank of making or maintaining the Note or to reduce any amount receivable by the Bank hereunder, and the Bank determines that such increased costs or reduction in amount receivable was attributable to the LIBOR Rate basis used to establish the interest rate hereunder, then the Borrower shall from time to time, upon demand by the Bank, pay to the Bank additional amounts sufficient to compensate the Bank for such increased costs (the "Additional Costs"). A detailed statement as to the amount of such Additional Costs, prepared in good faith and submitted to the Borrower by the Bank, shall be conclusive and binding in the absence of manifest error.

SECTION 4

Unavailability Of Dollar Deposits. If the Bank determines in its sole discretion at any time (the "Determination Date") that it can no longer make, fund or maintain LIBOR based loans for any reason, including without limitation illegality, or the LIBOR Rate cannot be ascertained or does not accurately reflect the Bank's cost of funds, or the Bank would be subject to Additional Costs that cannot be recovered from the Borrower, then the Bank will notify the Borrower and thereafter will have no obligation to make, fund or maintain LIBOR based loans. Upon such Determination Date the Note will be converted to a variable rate loan based upon the Prime Rate. Thereafter the interest rate on the Note shall adjust simultaneously with any fluctuation in the Prime Rate.

Individual

Non-Individual

_____ (Seal)

_____ (Seal)

By: _____

Name and title, printed or typed

By: _____

Name and title, printed or typed



Loudon County Government
Financing Proposal
September 14, 2011

Borrower: Loudon County Government or as so designated

Amount: Up to \$43,000,000

Collateral: Secured by a general obligation and full faith and credit of the County Loudon, Tennessee

Use of Funds: Construction of two new school buildings and one school building addition

Construction Term: Interest only during the first two years is offered upon closing

Depository Relationship: A depository relationship will be required via two accounts; first, a DDA checking account will be required to receive construction draws and second, an ongoing depository account equal to 10% of the commitment amount will be held at BB&T at published sheet rates (can be collateralized account) as long as the credit facility is outstanding; a substitute for the second account could be the County's primary Trustee account to be moved to BB&T for as long as the credit facility is outstanding

Early Payoff Penalty: Early repayment of regularly schedule principal during the term of the loan will have a prepayment yield maintenance fee of one half of one percent of the unpaid principal balance at the time of prepayment

Rate & Terms: A) Fixed rate offered at 3.01% for 7 years (includes 2 years of interest only during construction) with an amortization period up to 25 years
B) Fixed rate offered at 3.87% for 10 years (includes 2 years of interest only during construction) with an amortization period up to 25 years
C) Variable rate offered at 78% of the 30 day Libor Index plus a spread of 1.18% for 7 years (includes 2 years of interest only during construction) with an amortization period up to 25 years, no rate floor (initial rate approximately 1.36%)
D) Variable rate offered at 78% of the 30 day Libor Index plus a spread of 1.28% for 10 years (includes 2 years of interest only during construction) with an amortization period up to 25 years, no rate floor (initial rate approximately 1.46%)

Both a fixed rate and a variable rate quote can be provided for a 5 year maturity loan with up to a 25 year amortization upon request

*Subject fixed and variable rates are non-bank qualified (bank qualified rates not applicable for the County)

Repayment Structure: Monthly interest billing and annual principal repayments

Funding Requirements: A&B) Fixed rate commitment must be funded in full at closing

C&D) Variable rate commitment must be funded in full within 90 days of closing

Expiration: This subject term sheet commitment expires October 1st, 2011

Required Closing: A) Closing for the fixed rate option must be within 30 days of October 1, 2011 to receive either the 3.01% (7 year) or 3.87% (10 years) respective fixed rates or the rate will be based off of a fixed spread over either the 7 year treasury index of the 10 year treasury index at the time of closing, but the loan must be closed within 90 days of October 1, 2011

B) Closing for the variable rate option must be within 90 days of October 1st, 2011

Costs & Expenses: Origination fee of .10%
Bank Counsel transaction fee's capped at no more than \$35,000
Other fees may be applicable which would be usual and customary for a transaction of this nature which BB&T is not aware of at this time

Consideration: BB&T recognizes there may well be the need to engage in additional discussion of the terms and conditions presented within this subject financing proposal and welcomes the opportunity to field additional request(s) in a potential change of terms or conditions

Other: **Opinion of Borrower Counsel.** There shall have been delivered to the Bank a signed opinion of counsel to the Borrower addressed to the Bank with respect to the execution and delivery by the Borrower of this Agreement and the legality, validity, binding effect and enforceability thereof, which opinion shall be dated the date of this Agreement, in form and substance satisfactory to the Bank.

Borrower Resolution. There shall have been delivered to the Bank the resolution (the "Borrower Resolution") of the governing body of the Borrower authorizing this Agreement, the Loan Agreement and the transactions contemplated thereby.

Authority Resolution. There shall have been delivered to the Bank a copy, certified by a duly authorized officer of the Authority of the resolution of the governing body of the Authority approving the conversion of the Series 2010B Bonds to the Bank Rate, the amendment and restatement of the Loan Agreement and the Supplemental Indenture.

Other Documents. There shall have been delivered to the Bank such other information, documents, instruments, approvals (and if requested by the Bank, certified duplicates of executed copies thereof) or opinions as the Bank or its counsel may reasonably request.

Financial Statements. The Borrower shall keep, or cause to be kept, proper books of record and account in which full, true and correct entries will be made reflecting all financial transactions of the Borrower in accordance with generally accepted accounting principles, consistently applied, and will furnish to the Bank a copy of each of the following:

As soon as available (i) the general purpose financial statements of the Borrower for such fiscal year and (ii) an audit report of either an independent certified public accountant of recognized standing selected by the Borrower or the auditors assigned by the State of Tennessee for such purpose regarding such financial statements; and

Such other information respecting the affairs, condition and/or operations, financial or otherwise, of the Borrower as the Bank may from time to time reasonably request.

If the Borrower's audited financial statements are not available within 180 days of the end of each fiscal year, the Borrower shall provide the Bank with unaudited financial statements at such time, and will provide the audited financial statements as soon as available, and, in any event, within 12 months after the end of each fiscal year.

Costs, Expenses and Taxes. The Borrower agrees to pay on demand all reasonable out-of-pocket expenses of the Bank, including reasonable fees and disbursements of special counsel for the Bank, in connection with the preparation, execution and delivery of this Agreement, any related document, any waiver or consent hereunder or under any related document or any amendment hereof or of any related document or any Default or alleged Default hereunder, including those in connection with collection and other enforcement proceedings resulting therefrom. In addition, the Borrower agrees to pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement and such other documents and agrees to save the Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omitting to pay such taxes and fees.

Computation of Interest. Interest payable hereunder shall be computed on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) elapsed.

Interest Deductibility. If the Code or any other law, rule, regulation or governmental interpretation thereof affecting BB&T, whether or not having the force of law or compliance by BB&T with the same, limits the deductibility of interest on funds obtained to purchase any Tendered Bond hereunder or to pay any liability of BB&T arising in connection therewith or herewith, then from time to time, upon demand by BB&T, Loudon County shall pay or cause to be paid to BB&T, promptly, and in any event within thirty (30) days of demand by BB&T, such amount or amounts as will equal, on an after tax basis to BB&T (taking into account any taxes payable by BB&T on such amount), such increased cost incurred by BB&T (for Federal income tax purposes)

Other documentation. The subject transaction is contingent upon receipt of all usual and customary documentation acceptable to BB&T in form and substance

Morgan Keegan

MEMBER FINRA, SIPC

Morgan Keegan & Company, Inc.
11400 Parkside Drive, Suite 110
Knoxville, Tennessee 37934
865/777-5840
FAX 865/777-5836

September 14, 2011

Mr. Leo Bradshaw
Director of Purchasing and Maintenance
Loudon County, Tennessee
100 River Road, Suite 110
Loudon, Tennessee 37774

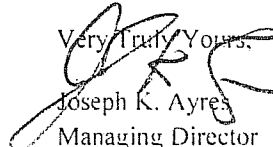
Dear Mr. Bradshaw,

As a subsidiary of Regions Bank, thank you for the opportunity to respond to the County's request for a "Proposal Request -- Financing for Loudon County School Building Program" dated August 25, 2011 issued by Loudon County, Tennessee (the "County"). Morgan Keegan is the State's leading Financial Advisor and has worked on the proposed school building programs for many years with the County. We believe that our expertise in the municipal market and our extensive knowledge of the County will result in the County getting the best possible results from this financing. Additionally, we will help the County navigate the complexities of all the Federal and State laws and regulations concerning the issuance of municipal debt.

The attached presentation outlines five (5) options for financing the proposed school building program. We can provide additional options if requested by the County. Below are the answers to the specific request in the proposal:

- A. Dollar amount needed \$43,000,000 – Option 1 to Option 5 allows for up to \$43,000,000.
- B. Quote for fixed and variable rates for 20 year and 25 year loan – Option 1 to Option 4 allow for those time frames and provides current estimated market rates. Option 5 is a 14-year fixed rate proposal at current estimated market rates, thereby maturing with the County's other outstanding Rural School debt. Fixed market rates will be determined at the time of a competitive public sale as required by State law. Variable rates are subject to change on the reset date.
- C. Interest Rate – qualified and nonqualified – A \$43,000,000 issue will not comply with Section 265(b)(3) of the Internal Revenue Code. However, we can discuss with the County various options to make all or a portion of the bonds/loan as "bank-qualified".
- D. Penalty for early payoff – The bonds/loan can be structured with no penalty for early payoff.
- E. Total fees and/or any other associated cost involved in completing the transaction – the proposed fees for one (1) \$43,000,000 transaction with one (1) rating are outlined in the attached proposal.
- F. Option to make draw on the loan during construction process – a draw down loan is problematic under federal tax laws for tax-exempt debt. We suggest that we have a legal discussion with a reputable bond attorney on the pros and cons of such a structure. However, we can discuss with the County various options to minimize the cost of carry and achieve the some of the same results as a draw down loan provides.
- G. Construction estimated to be over a two (2) year period - Option 1 through Option 5 allow for a two (2) year construction period.

If you need any additional information or have other questions, please feel free to either call, write or e-mail me.

Very Truly Yours,

Joseph K. Ayres
Managing Director

Morgan Keegan

Presentation to
Loudon County, Tennessee

Morgan Keegan
11400 Parkside Drive
Suite 110
Knoxville, TN 37934
Phone: 865-777-5840
Fax: 865-777-5836

Current Situation

- County needs approximately \$43,000,000 for new school projects
- Funding source:
 - Rural School Fund from Property Tax Revenue
- Tennessee Code Annotated states that counties that issue bonds for new money projects must be issued at a competitive public sale
 - A Financial Adviser is a consultant who advises the issuer on matters pertinent to their issue, such as structure, timing, marketing, fairness of pricing, terms and bond ratings. A financial advisor may also be employed to provide advice on subjects unrelated to a new issue of municipal securities, such as advising on cash flow. A Financial Adviser is used by almost every issuer except for those that are very large and sophisticated who come to the market on a frequent basis.
 - The Underwriter is a broker-dealer that purchases a new issue of municipal securities from the issuer for resale in a primary offering. The Underwriter may acquire the securities by award on the basis of competitive bidding. The Underwriter with the lowest True Interest Cost bid is the winning purchaser of the bonds.

Funding Options

- Funding Options
 - Bonds (Fixed Rate)
 - Can be issued 1 to 40 years
 - Must be sold at competitive public sale
 - Initial Resolution
 - Loan (Variable Rate)
 - Can be issued 1 to 35 years
 - Initial Resolution
 - Rates reset Daily, Weekly or Monthly
 - Notes (Require equal principal installments, 12 year maximum term)

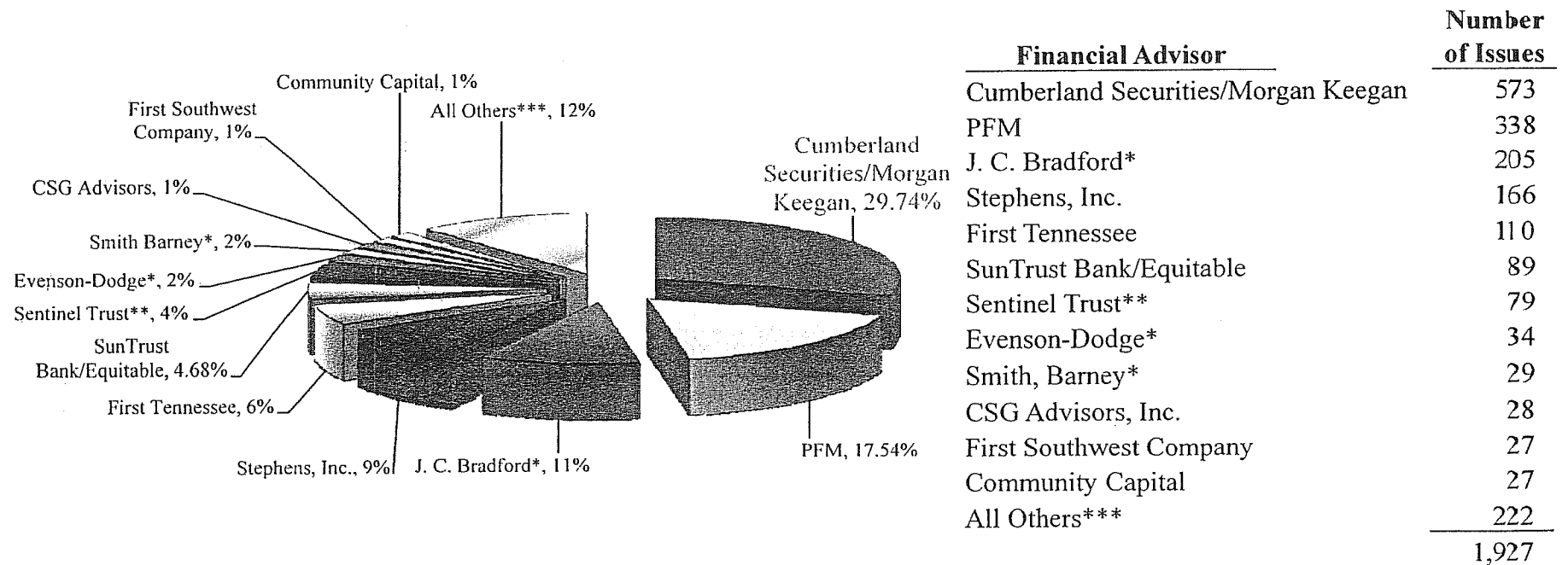
- Once the County adopts the bond resolution, it will generally take about 60 days to complete the funding process, but might be completed faster

Financial Advisory Services

- As the County's Financial Advisor, Morgan Keegan will:
 - Examine outstanding indebtedness and covenants
 - Develop debt management policies (in accordance with new state guidelines), if requested
 - Prepare financing timetable
 - Develop financing options
 - Present financial plan and structure
 - Assist in selection of the financial team and other necessary services
 - Prepare economic profile of the community
 - Assist in preparation of the Preliminary Official Statement
 - Assist in preparation and proofing legal documents
 - Prepare materials for credit enhancement providers (if warranted)
 - Prepare and participate in rating agency conference calls/presentations
 - Establish sale date
 - Execute Marketing Plan and distribution of documents
 - Contact potential bidders regarding submission of bids or answering specific questions
 - Conduct public sale, evaluate and confirm bids (the winning bidder is called the Underwriter)
 - Recommend acceptance or rejection of bids and calculate the true interest cost
 - Arrange for Bond printing and shipping and coordinate with Registrar
 - Prepare and distribute Official Statements, final sale documents and coordinate closing
 - If requested, advise on the investment of Bond proceeds and monitoring of investment earnings
 - If requested, coordinate arbitrage rebate services

Tennessee's Leading Financial Advisor

Morgan Keegan has been the Leading Advisor of Long Term Municipal Bonds in Tennessee since 1990



• - Ceased Operations
 •** - Seized by State for fraud / Ceased Operations
 •*** - No Other Firm has more than 25 transactions

Source: SDC Thomson Financial

Morgan Keegan

Municipal Underwriting, Sales and Banking: South Central Ranking

Morgan Keegan was the Leading Manager of Long Term Municipal Bonds in the
South Central United States
Senior Managed Bond Issues for 2010
Alabama, Arkansas, Kentucky, Louisiana, Mississippi and Tennessee

Rank	Underwriter	Par Amount (US\$ mil)	Mkt. Share (%)	Number of Issues
1	Morgan Keegan & Co. Inc	\$ 4,754	17.5	297
2	Bank of America Merrill Lynch	\$ 3,963	14.5	41
3	Morgan Stanley	\$ 2,611	9.6	35
4	Goldman Sachs & Co	\$ 2,538	9.3	13
5	Citi	\$ 1,796	6.6	15
6	J P Morgan Securities LLC	\$ 1,700	6.2	17
7	Stephens Inc	\$ 1,154	4.2	70
8	SunTrust Capital Markets Inc	\$ 889	3.3	11
9	Robert W Baird & Co Inc	\$ 862	3.2	56
10	Crews & Associates Inc	\$ 645	2.4	90

Source: SDC Thomson Financial

Municipal Underwriting, Sales and Banking: South Central Ranking

Morgan Keegan is a Top 5 Leading Manager of Long Term Municipal Bonds in the
South Central United States
Senior Managed Bond Issues for 1st Half 2011
Alabama, Arkansas, Kentucky, Louisiana, Mississippi and Tennessee

Rank	Underwriter	Par Amount (US\$ mil)	Mkt. Share (%)	Number of Issues
1	Morgan Keegan & Co Inc	1,131.3	75	18.0
2	Citi	696.8	7	11.1
3	JP Morgan Securities LLC	623.4	5	9.9
4	RBC Capital Markets	549.0	2	8.7
5	Bank of America Merrill Lynch	467.9	6	7.5
6	Barclays Capital	332.0	2	5.3
7	Crews & Associates Inc	318.3	29	5.1
8	Merchant Capital LLC	297.1	11	4.7
9	Goldman Sachs & Co	213.9	4	3.4
10	Morgan Stanley	177.1	1	2.8

Source: SDC Thomson Financial

Municipal Underwriting, Sales and Banking: Tennessee Ranking

Morgan Keegan is the Leading Manager of Long Term Municipal Bonds in
Tennessee
Senior Managed Bond Issues for 2010

Rank	Underwriter	Par Amount (US\$ mil)	Mkt. Share (%)	Number of Issues
1	Morgan Keegan & Co Inc	\$ 2,005	33.3	69
2	Goldman Sachs & Co	\$ 1,224	20.3	5
3	Bank of America Merrill Lynch	\$ 562	9.3	7
4	Morgan Stanley	\$ 427	7.1	6
5	Citi	\$ 292	4.8	3
6	Jefferies & Company Inc	\$ 291	4.8	1
7	Stephens Inc	\$ 274	4.6	5
8	Ramirez & Co Inc	\$ 149	2.5	4
9	Robert W Baird & Co Inc	\$ 147	2.5	11
10	Wiley Bros - Aintree Capital LLC	\$ 123	2	15
15	First TN Capital Markets	\$ 46	0.8	7
24	Duncan-Williams	\$ 12	0.2	3

Source: SDC Thomson Financial

Municipal Underwriting, Sales and Banking: Tennessee Ranking

Morgan Keegan is the Leading Manager of Long Term Municipal Bonds in
Tennessee

Senior Managed Bond Issues for 1st Half 2011

Rank	Underwriter	Par Amount (US\$ mil)	Mkt. Share (%)	Number of Issues
1	Morgan Keegan & Co Inc	\$ 291.0	29.4	17
2	J P Morgan Securities LLC	\$ 160.0	16.2	2
3	Bank of America Merrill Lynch	\$ 143.8	14.5	2
4	Wiley Bros - Aintree Capital LLC	\$ 127.1	12.8	2
5	Citi	\$ 108.2	10.9	2
6	RBC Capital Markets	\$ 40.0	4.0	1
7	Barclays Capital	\$ 32.0	3.2	1
8	Raymond James & Associates Inc	\$ 25.8	2.6	2
9	Merchant Capital LLC	\$ 16.4	1.7	4
10	All Others	\$ -	0.0	0

Source: SDC Thomson Financial

References

Bradley County

Contacts

- Mayor - Gary Davis
- Finance Director - Lynn Burns

City of Cleveland

Contacts

- City Manager – Janice Casteel
- Finance Director – Mike Keith

Knox County

Contact

- Finance Director - John Troyer

Bledsoe County

Contact

- Mayor – Bobby Collier

Anderson County

Contacts

- Mayor – Myron Iwanski
- Finance Director – Chris Phillips

Fayette County

Contact

- Mayor – Rhea 'Skip' Taylor

Cumberland County

Contacts

- Mayor – Kenneth Carey
- Finance Director – Nathan Brock

Monroe County

Contacts

- Mayor – Tim Yates
- Asst. Finance Director – Andrea Gunter

Morgan County

Contact

- Finance Director – Gary Howard

Sevier County

Contacts

- Mayor – Larry Waters
- Finance Director – Cheryl Houston

2011 Tennessee Financial Advisory Transactions

Morgan Keegan

	Date	Issuer	Size	Description	Role
1	02/10/11	Selmer	\$ 3,900,000	G.O. Bonds	FA
2	02/24/11	Johnson City	7,545,000	G.O. Loan	FA
3	02/25/11	Anderson County	1,750,000	G.O. Bonds	FA
4	02/25/11	Anderson County	2,050,000	G.O. Bonds	FA
5	02/25/11	Anderson County	730,000	G.O. Bonds	FA
6	03/10/11	Bristol	4,450,000	G.O. Bonds	FA
7	03/15/11	Chester County	1,455,000	G.O. Bonds	FA
8	03/24/11	Covenant	103,700,000	Hospital Revenue Bonds	FA
9	04/07/11	Hawkins County	7,790,000	G.O. Bonds	FA
10	04/07/11	Dandridge	2,040,000	G.O. Bonds	FA
11	05/10/11	Oak Ridge	7,420,000	G.O. Ref Bonds	FA
12	05/18/11	Pigeon Forge	29,700,000	G.O. Loan	FA
13	06/27/11	Washington County	6,895,000	G.O. Ref Bonds	FA
14	06/27/11	Washington County	2,870,000	G.O. Ref Bonds	FA
15	06/28/11	Campbell County	2,000,000	G.O. Bonds	FA
16	06/30/11	Alcoa	1,390,000	G.O. Ref Bonds	FA
17	07/15/11	Bledsoe County	5,850,000	G.O. Ref Bonds	FA
18	08/30/11	Anderson County	3,000,000	TANs	FA
19	08/30/11	Anderson County	2,000,000	TANs	FA
20	09/01/11	Gatlinburg	7,600,000	G.O. Bonds	FA
21	09/12/11	Brentwood	4,845,000	G.O. Bonds	FA
22	09/12/11	Brentwood	7,385,000	G.O. Bonds	FA
23	09/15/11	Covenant	260,000,000	Hospital Revenue Bonds	FA
24	09/15/11	Fayette County	9,585,000	G.O. Ref Bonds	FA
25	09/28/11	Anderson County	14,750,000	G.O. Bonds	FA
26	09/28/11	Anderson County	2,000,000	Rural School Bonds	FA
27	09/28/11	Anderson County	8,000,000	Rural School Bonds	FA
28	09/29/11	Oak Ridge	9,810,000	G.O. Bonds	FA
29	10/05/11	Fayetteville	6,000,000	Capital Outlay Notes	FA
			<u>\$ 526,510,000</u>		

Stephens Inc.

	Date	Issuer	Size	Description	Role
1	4/19/2011	Smyrna	\$ 18,000,000	G.O. Bonds	FA
2	07/13/11	Columbia	7,000,000	Sewer Bonds	FA
3	07/28/11	Montgomery County	62,335,000	G.O. Bonds	FA
			<u>\$ 87,335,000</u>		

TMBF

	Date	Issuer	Size	Description	Role
				Does Not Have any Transaction	

Sources: Bloomberg

LOUDON COUNTY, TENNESSEE

<p>Reponse to School Funding RFP</p>
--

As of September 14, 2011

Prepared By:

Morgan Keegan & Company, Inc.
Investment Bankers
11400 Parkside Drive, Suite 110
Knoxville, Tennessee 37934
Telephone: (865) 777-5840
Facsimile: (865) 777-5836

Loudon County, Tennessee

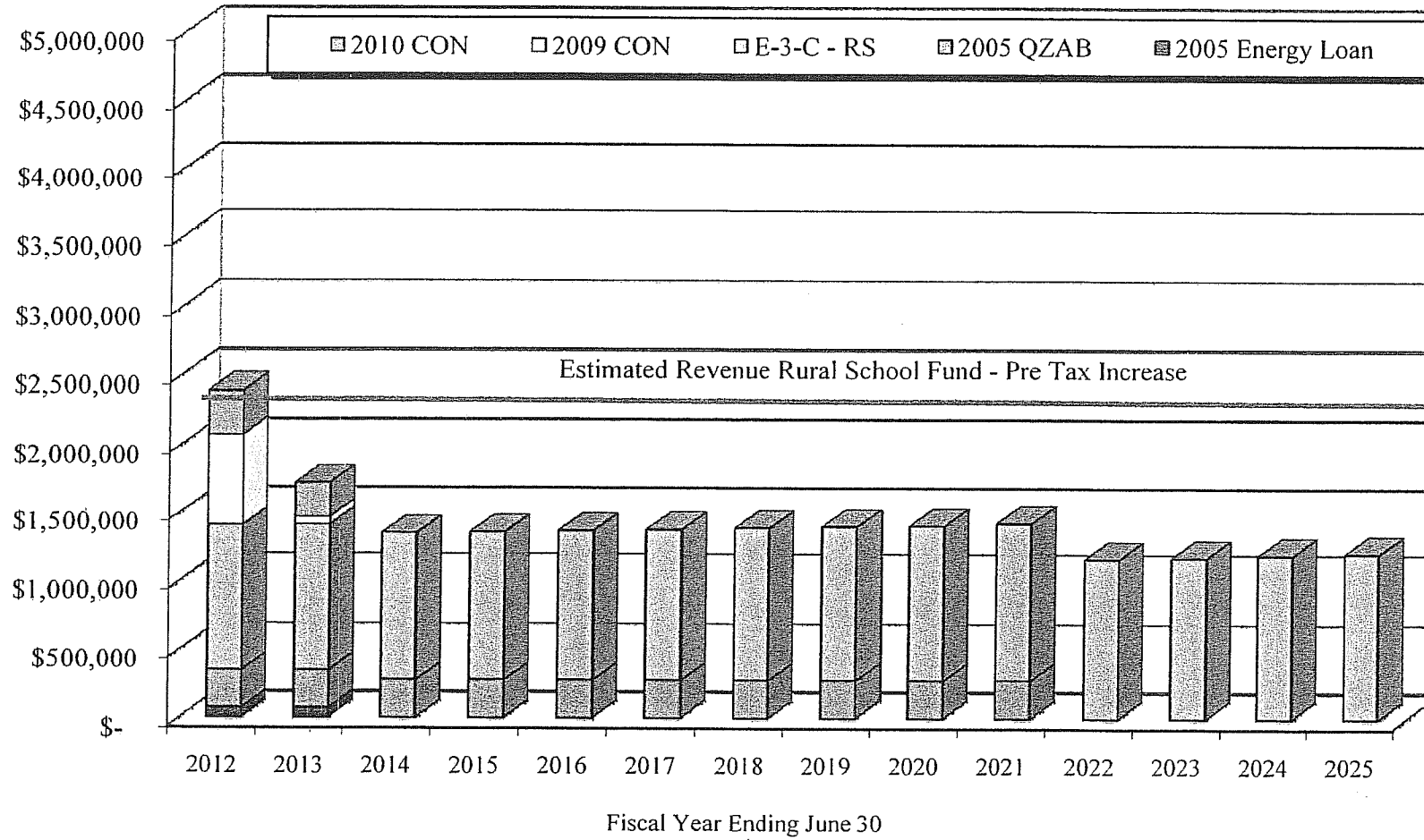
Response to School Funding RFP

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Loudon County, Tennessee

Total Combined Outstanding Rural School Debt Service



\$43,000,000

Loudon County, Tennessee
Rural School Bonds, Series 2011

Estimated Net Debt Service based on Current Market Rates

Date	Principal	Coupon	Interest	Total P+I	Existing Rural School Debt Service	Net New Rural School Debt Service
06/30/2012	2,555,000.00	0.350%	253,021.58	2,808,021.58	2,388,036.08	5,196,057.66
06/30/2013	1,815,000.00	0.450%	992,022.00	2,807,022.00	1,725,467.36	4,532,489.36
06/30/2014	1,825,000.00	0.550%	983,854.50	2,808,854.50	1,346,700.00	4,155,554.50
06/30/2015	1,835,000.00	0.720%	973,817.00	2,808,817.00	1,354,250.00	4,163,067.00
06/30/2016	1,850,000.00	1.070%	960,605.00	2,810,605.00	1,365,225.00	4,175,830.00
06/30/2017	1,870,000.00	1.330%	940,810.00	2,810,810.00	1,374,400.00	4,185,210.00
06/30/2018	1,895,000.00	1.600%	915,939.00	2,810,939.00	1,386,775.00	4,197,714.00
06/30/2019	1,925,000.00	1.900%	885,619.00	2,810,619.00	1,397,125.00	4,207,744.00
06/30/2020	1,960,000.00	2.140%	849,044.00	2,809,044.00	1,405,450.00	4,214,494.00
06/30/2021	2,000,000.00	2.320%	807,100.00	2,807,100.00	1,426,250.00	4,233,350.00
06/30/2022	2,050,000.00	2.550%	760,700.00	2,810,700.00	1,160,575.00	3,971,275.00
06/30/2023	2,100,000.00	2.730%	708,425.00	2,808,425.00	1,171,925.00	3,980,350.00
06/30/2024	2,160,000.00	2.900%	651,095.00	2,811,095.00	1,190,800.00	4,001,895.00
06/30/2025	2,220,000.00	3.100%	588,455.00	2,808,455.00	1,201,750.00	4,010,205.00
06/30/2026	2,290,000.00	3.200%	519,635.00	2,809,635.00	-	2,809,635.00
06/30/2027	2,360,000.00	3.330%	446,355.00	2,806,355.00	-	2,806,355.00
06/30/2028	2,440,000.00	3.430%	367,767.00	2,807,767.00	-	2,807,767.00
06/30/2029	2,525,000.00	3.530%	284,075.00	2,809,075.00	-	2,809,075.00
06/30/2030	2,615,000.00	3.610%	194,942.50	2,809,942.50	-	2,809,942.50
06/30/2031	2,710,000.00	3.710%	100,541.00	2,810,541.00	-	2,810,541.00
Total	\$43,000,000.00	-	\$13,183,822.58	\$56,183,822.58	\$19,894,728.44	\$76,078,551.02

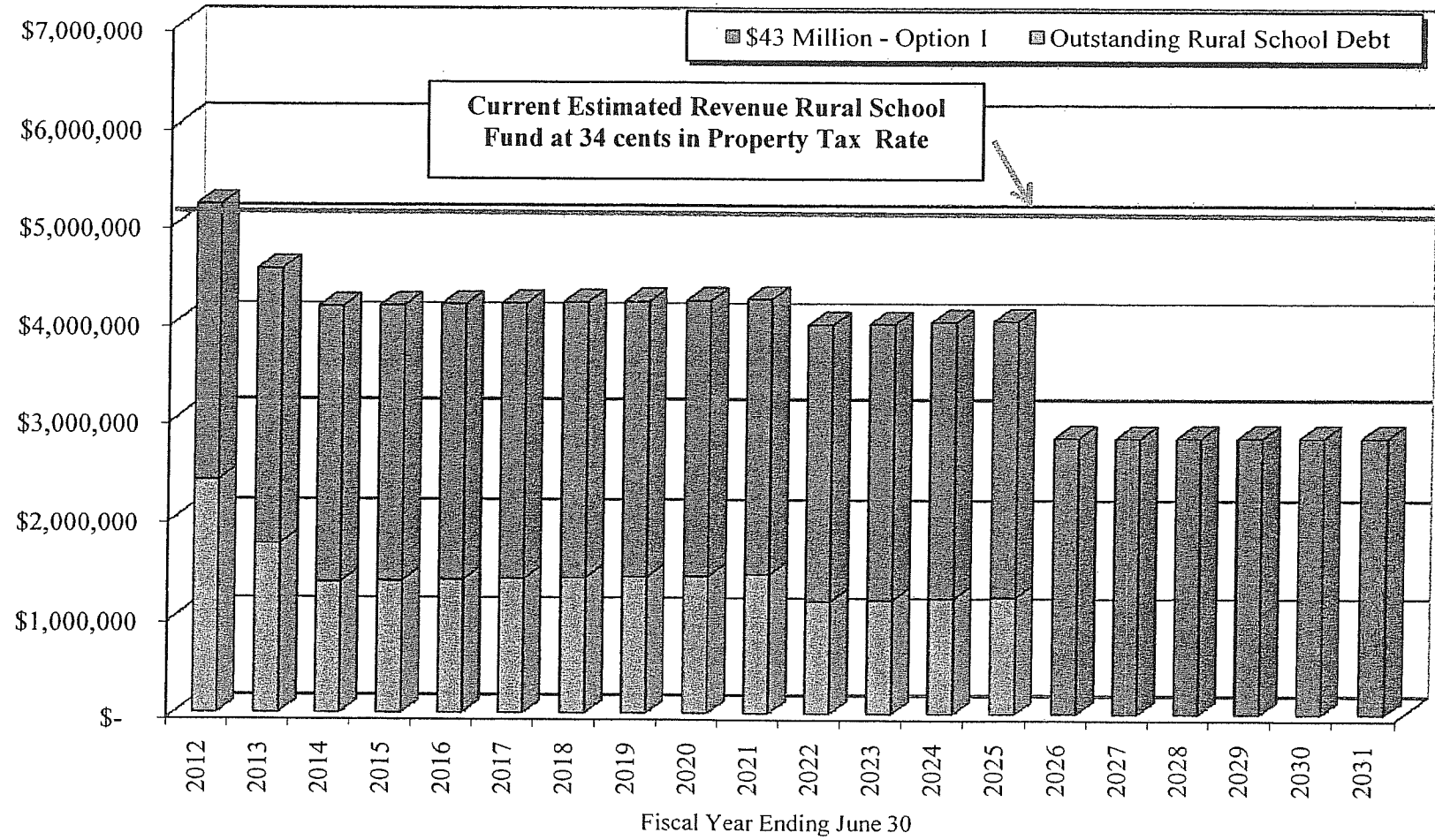
Date And Term Structure

Dated.....	12/30/2011
First Coupon Date.....	4/01/2012
Frequency of Interest Payments.....	2 Per Year
First Serial Maturity Date.....	4/01/2012

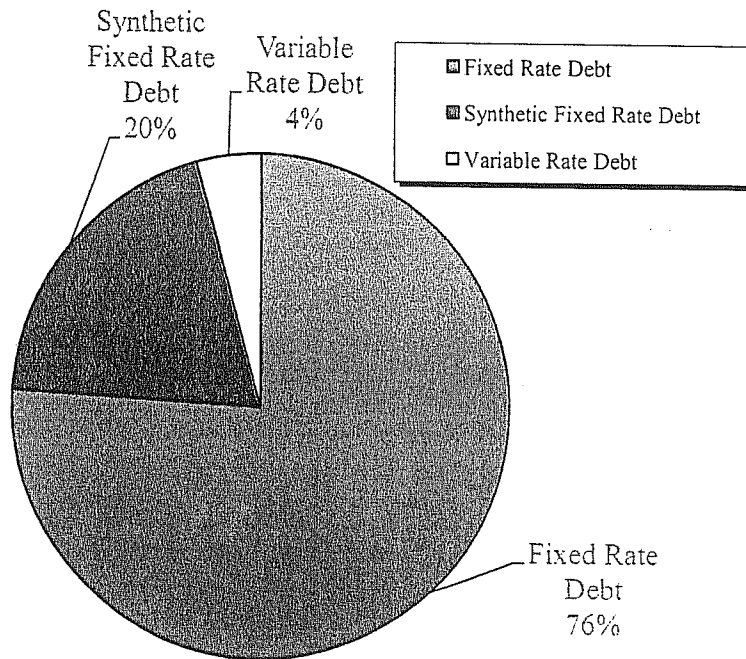
Yield Statistics

Average Coupon.....	2.9728148%
Average Life.....	10.313 Years
Bond Yield for Arbitrage Purposes.....	2.9244967%
Bond Year Dollars.....	\$443,479.44

Loudon County, Tennessee
Total Proposed Rural School Debt Service



Loudon County, Tennessee
 Fixed Rate Ratio vs Variable Rate Ratio
 2011 Bonds Issued as Fixed Rate Debt



Fixed	\$54,038,464
Synthetic Fixed	\$14,125,000
Variable	\$2,970,000
Total	\$71,133,464

Synthetic fixed rate debt is subject to basis risk, credit risk and termination risk as outlined the County's Audited Financial Statements. Additionally, since the variable rate bonds are still outstanding they are subject to credit risk, letter of credit renewal risk, put risk and other risk associated with variable rate bonds.

\$43,000,000

Loudon County, Tennessee
Rural School Bonds, Series 2011

Estimated Net Debt Service based on Current Market Rates

Date	Principal	Coupon	Interest	Total P+I	Existing Rural School Debt Service	Net New Rural School Debt Service
06/30/2012	2,200,000.00	0.350%	295,772.37	2,495,772.37	2,388,036.08	4,883,808.45
06/30/2013	1,335,000.00	0.450%	1,162,388.50	2,497,388.50	1,725,467.36	4,222,855.86
06/30/2014	1,340,000.00	0.550%	1,156,381.00	2,496,381.00	1,346,700.00	3,848,081.00
06/30/2015	1,345,000.00	0.720%	1,149,011.00	2,494,011.00	1,354,250.00	3,859,552.00
06/30/2016	1,355,000.00	1.070%	1,139,327.00	2,494,327.00	1,365,225.00	3,869,228.50
06/30/2017	1,370,000.00	1.330%	1,124,828.50	2,494,828.50	1,374,400.00	3,869,228.50
06/30/2018	1,390,000.00	1.600%	1,106,607.50	2,496,607.50	1,386,775.00	3,883,382.50
06/30/2019	1,410,000.00	1.900%	1,084,367.50	2,494,367.50	1,397,125.00	3,891,492.50
06/30/2020	1,440,000.00	2.140%	1,057,577.50	2,497,577.50	1,405,450.00	3,903,027.50
06/30/2021	1,470,000.00	2.320%	1,026,761.50	2,496,761.50	1,426,250.00	3,923,011.50
06/30/2022	1,505,000.00	2.550%	992,657.50	2,497,657.50	1,160,575.00	3,658,232.50
06/30/2023	1,540,000.00	2.730%	954,280.00	2,494,280.00	1,171,925.00	3,666,205.00
06/30/2024	1,585,000.00	2.900%	912,238.00	2,497,238.00	1,190,800.00	3,688,038.00
06/30/2025	1,630,000.00	3.100%	866,273.00	2,496,273.00	1,201,750.00	3,698,023.00
06/30/2026	1,680,000.00	3.200%	815,743.00	2,495,743.00	-	2,495,743.00
06/30/2027	1,735,000.00	3.330%	761,983.00	2,496,983.00	-	2,496,983.00
06/30/2028	1,790,000.00	3.430%	704,207.50	2,494,207.50	-	2,494,207.50
06/30/2029	1,850,000.00	3.530%	642,810.50	2,492,810.50	-	2,492,810.50
06/30/2030	1,920,000.00	3.610%	577,505.50	2,497,505.50	-	2,497,505.50
06/30/2031	1,985,000.00	3.710%	508,193.50	2,493,193.50	-	2,493,193.50
06/30/2032	2,060,000.00	3.750%	434,550.00	2,494,550.00	-	2,494,550.00
06/30/2033	2,140,000.00	3.800%	357,300.00	2,497,300.00	-	2,497,300.00
06/30/2034	2,220,000.00	3.900%	275,980.00	2,495,980.00	-	2,495,980.00
06/30/2035	2,305,000.00	4.000%	189,400.00	2,494,400.00	-	2,494,400.00
06/30/2036	2,400,000.00	4.050%	97,200.00	2,497,200.00	-	2,497,200.00
Total	\$43,000,000.00	-	\$19,393,343.87	\$62,393,343.87	\$19,894,728.44	\$82,288,072.31

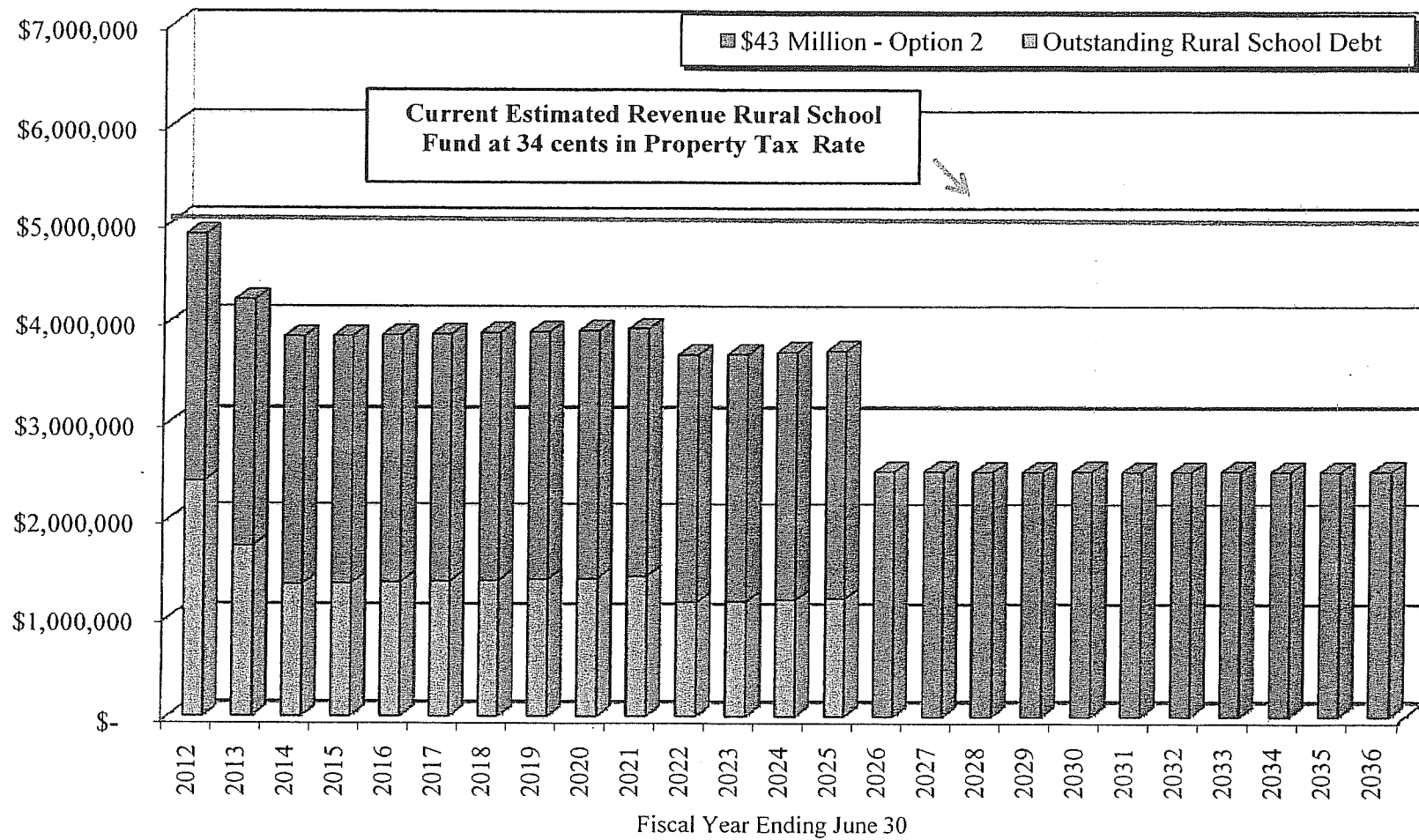
Date And Term Structure

Dated.....	12/30/2011
First Coupon Date.....	4/01/2012
Frequency of Interest Payments.....	2 Per Year
First Serial Maturity Date.....	4/01/2012

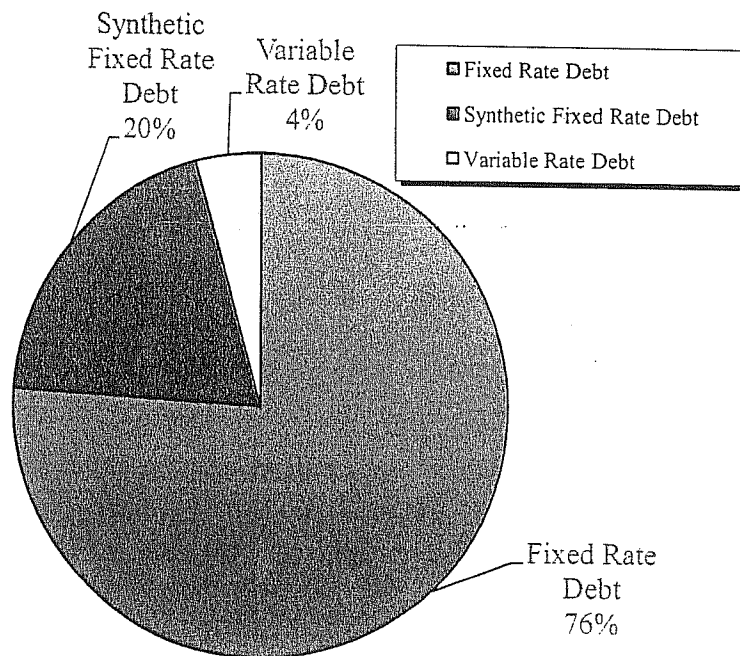
Yield Statistics

Average Coupon.....	3.3794883%
Average Life.....	13.345 Years
Bond Yield for Arbitrage Purposes.....	3.3156886%
Bond Year Dollars.....	\$573,854.44

Loudon County, Tennessee Total Proposed Rural School Debt Service



Loudon County, Tennessee
 Fixed Rate Ratio vs Variable Rate Ratio
 2011 Bonds Issued as Fixed Rate Debt



Fixed	\$54,038,464
Synthetic Fixed	\$14,125,000
Variable	\$2,970,000
Total	\$71,133,464

Synthetic fixed rate debt is subject to basis risk, credit risk and termination risk as outlined the County's Audited Financial Statements. Additionally, since the variable rate bonds are still outstanding they are subject to credit risk, letter of credit renewal risk, put risk and other risk associated with variable rate bonds.

\$43,000,000

Loudon County, Tennessee
Rural School Bonds, Series 2011

Estimated Net All-Inclusive Debt Service based on Current Variable Market Rates

Date	Principal	Coupon	Interest	Total P+I	Existing Rural School Debt Service	Net New Rural School Debt Service
06/30/2012	2,180,000.00	0.800%	144,288.89	2,324,288.89	2,388,036.08	4,712,324.97
06/30/2013	2,000,000.00	0.800%	326,560.00	2,326,560.00	1,725,467.36	4,052,027.36
06/30/2014	2,015,000.00	0.800%	310,560.00	2,325,560.00	1,346,700.00	3,672,260.00
06/30/2015	2,030,000.00	0.800%	294,440.00	2,324,440.00	1,354,250.00	3,678,690.00
06/30/2016	2,045,000.00	0.800%	278,200.00	2,323,200.00	1,365,225.00	3,688,425.00
06/30/2017	2,060,000.00	0.800%	261,840.00	2,321,840.00	1,374,400.00	3,696,240.00
06/30/2018	2,080,000.00	0.800%	245,360.00	2,325,360.00	1,386,775.00	3,712,135.00
06/30/2019	2,095,000.00	0.800%	228,720.00	2,323,720.00	1,397,125.00	3,720,845.00
06/30/2020	2,110,000.00	0.800%	211,960.00	2,321,960.00	1,405,450.00	3,727,410.00
06/30/2021	2,130,000.00	0.800%	195,080.00	2,325,080.00	1,426,250.00	3,751,330.00
06/30/2022	2,145,000.00	0.800%	178,040.00	2,323,040.00	1,160,575.00	3,483,615.00
06/30/2023	2,165,000.00	0.800%	160,880.00	2,325,880.00	1,171,925.00	3,497,805.00
06/30/2024	2,180,000.00	0.800%	143,560.00	2,323,560.00	1,190,800.00	3,514,360.00
06/30/2025	2,200,000.00	0.800%	126,120.00	2,326,120.00	1,201,750.00	3,527,870.00
06/30/2026	2,215,000.00	0.800%	108,520.00	2,323,520.00	-	2,323,520.00
06/30/2027	2,235,000.00	0.800%	90,800.00	2,325,800.00	-	2,325,800.00
06/30/2028	2,250,000.00	0.800%	72,920.00	2,322,920.00	-	2,322,920.00
06/30/2029	2,270,000.00	0.800%	54,920.00	2,324,920.00	-	2,324,920.00
06/30/2030	2,290,000.00	0.800%	36,760.00	2,326,760.00	-	2,326,760.00
06/30/2031	2,305,000.00	0.800%	18,440.00	2,323,440.00	-	2,323,440.00
Total	\$43,000,000.00	-	\$3,487,968.89	\$46,487,968.89	\$19,894,728.44	\$66,382,697.33

Date And Term Structure

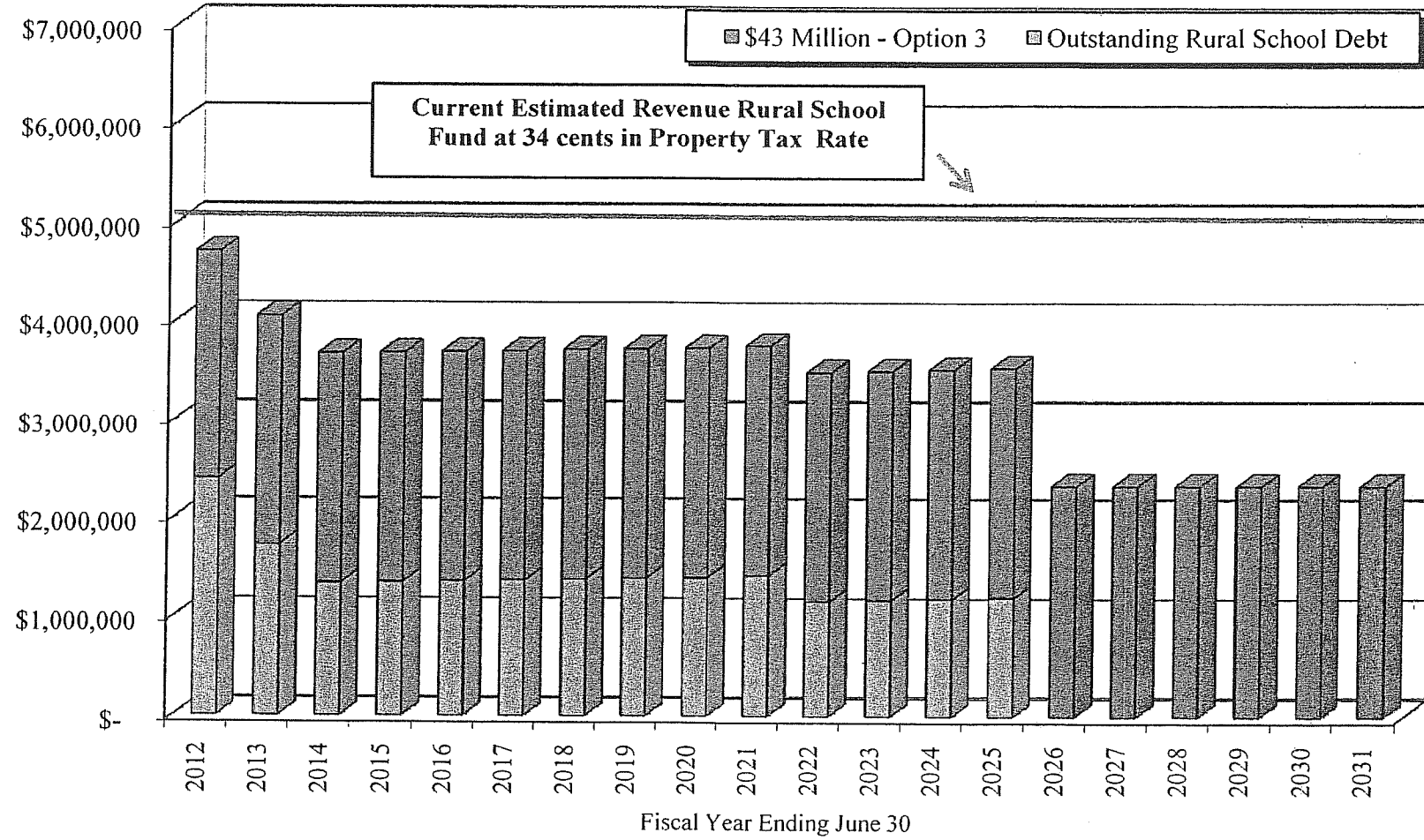
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First Coupon Date.....	6/01/2012
Frequency of Interest Payments.....	2 Per Year
First Serial Maturity Date.....	6/01/2012

Yield Statistics

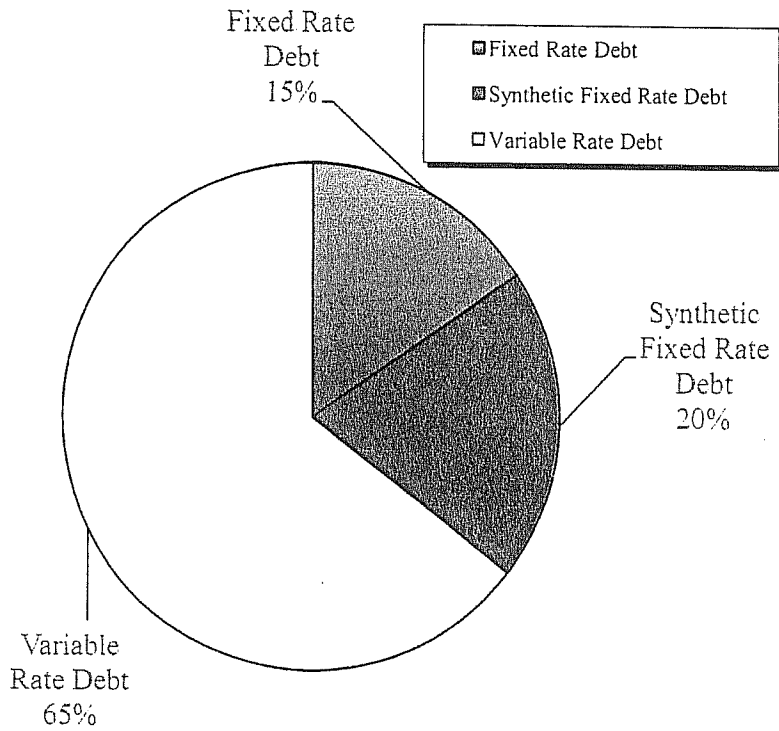
Average Coupon.....	0.800000%
Average Life.....	10.139 Years
Bond Yield for Arbitrage Purposes.....	0.8000112%
Bond Year Dollars.....	\$435,996.11

Loudon County, Tennessee

Total Proposed Rural School Debt Service



Loudon County, Tennessee
 Fixed Rate Ratio vs Variable Rate Ratio
 2011 Bonds Issued as Variable Rate Debt



Fixed	\$11,038,464
Synthetic Fixed	\$14,125,000
Variable	\$45,970,000
Total	\$71,133,464

Synthetic fixed rate debt is subject to basis risk, credit risk and termination risk as outlined the County's Audited Financial Statements. Additionally, since the variable rate bonds are still outstanding they are subject to credit risk, letter of credit renewal risk, put risk and other risk associated with variable rate bonds.

\$43,000,000

Loudon County, Tennessee
Rural School Bonds, Series 2011

Estimated Net All-Inclusive Debt Service based on Current Variable Market Rates

Date	Principal	Coupon	Interest	Total P+I	Existing Rural School Debt Service	Net New Rural School Debt Service
06/30/2012	1,750,000.00	0.800%	144,288.89	1,894,288.89	2,388,036.08	4,282,324.97
06/30/2013	1,565,000.00	0.800%	330,000.00	1,895,000.00	1,725,467.36	3,620,467.36
06/30/2014	1,580,000.00	0.800%	317,480.00	1,897,480.00	1,346,700.00	3,244,180.00
06/30/2015	1,590,000.00	0.800%	304,840.00	1,894,840.00	1,354,250.00	3,249,090.00
06/30/2016	1,605,000.00	0.800%	292,120.00	1,897,120.00	1,365,225.00	3,262,345.00
06/30/2017	1,615,000.00	0.800%	279,280.00	1,894,280.00	1,374,400.00	3,268,680.00
06/30/2018	1,630,000.00	0.800%	266,360.00	1,896,360.00	1,386,775.00	3,283,135.00
06/30/2019	1,645,000.00	0.800%	253,320.00	1,898,320.00	1,397,125.00	3,295,445.00
06/30/2020	1,655,000.00	0.800%	240,160.00	1,895,160.00	1,405,450.00	3,300,610.00
06/30/2021	1,670,000.00	0.800%	226,920.00	1,896,920.00	1,426,250.00	3,323,170.00
06/30/2022	1,680,000.00	0.800%	213,560.00	1,893,560.00	1,160,575.00	3,054,135.00
06/30/2023	1,695,000.00	0.800%	200,120.00	1,895,120.00	1,171,925.00	3,067,045.00
06/30/2024	1,710,000.00	0.800%	186,560.00	1,896,560.00	1,190,800.00	3,087,360.00
06/30/2025	1,725,000.00	0.800%	172,880.00	1,897,880.00	1,201,750.00	3,099,630.00
06/30/2026	1,735,000.00	0.800%	159,080.00	1,894,080.00	-	1,894,080.00
06/30/2027	1,750,000.00	0.800%	145,200.00	1,895,200.00	-	1,895,200.00
06/30/2028	1,765,000.00	0.800%	131,200.00	1,896,200.00	-	1,896,200.00
06/30/2029	1,780,000.00	0.800%	117,080.00	1,897,080.00	-	1,897,080.00
06/30/2030	1,795,000.00	0.800%	102,840.00	1,897,840.00	-	1,897,840.00
06/30/2031	1,810,000.00	0.800%	88,480.00	1,898,480.00	-	1,898,480.00
06/30/2032	1,820,000.00	0.800%	74,000.00	1,894,000.00	-	1,894,000.00
06/30/2033	1,835,000.00	0.800%	59,440.00	1,894,440.00	-	1,894,440.00
06/30/2034	1,850,000.00	0.800%	44,760.00	1,894,760.00	-	1,894,760.00
06/30/2035	1,865,000.00	0.800%	29,960.00	1,894,960.00	-	1,894,960.00
06/30/2036	1,880,000.00	0.800%	15,040.00	1,895,040.00	-	1,895,040.00
Total	\$43,000,000.00	-	\$4,394,968.89	\$47,394,968.89	\$19,894,728.44	\$67,289,697.33

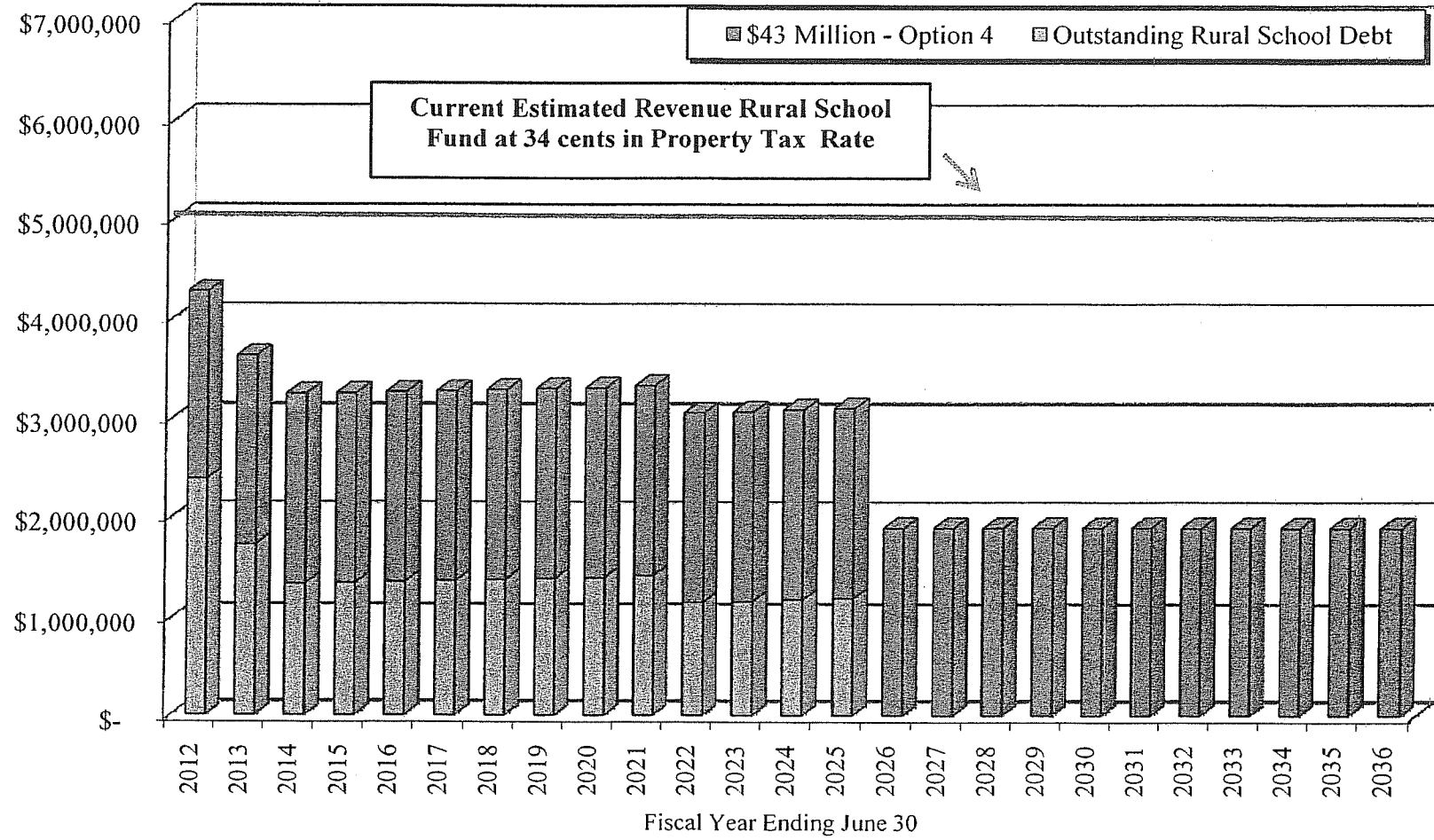
Date And Term Structure

Dated.....	12/30/2011
First Coupon Date.....	6/01/2012
Frequency of Interest Payments.....	2 Per Year
First Serial Maturity Date.....	6/01/2012

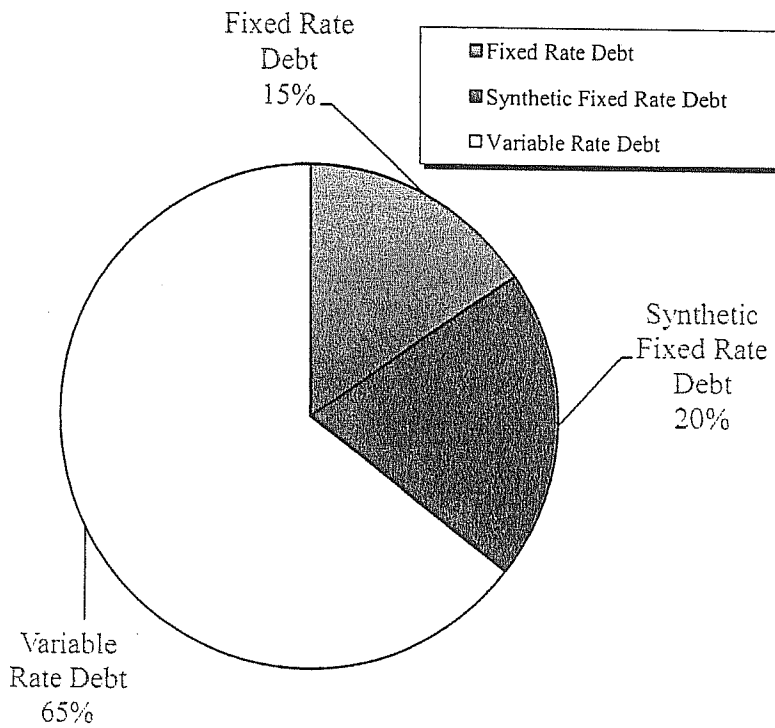
Yield Statistics

Average Coupon.....	0.8000000%
Average Life.....	12.776 Years
Bond Yield for Arbitrage Purposes.....	0.8000090%
Bond Year Dollars.....	\$549,371.11

Loudon County, Tennessee
Total Proposed Rural School Debt Service



Loudon County, Tennessee
 Fixed Rate Ratio vs Variable Rate Ratio
 2011 Bonds Issued as Variable Rate Debt



Fixed	\$11,038,464
Synthetic Fixed	\$14,125,000
Variable	\$45,970,000
Total	\$71,133,464

Synthetic fixed rate debt is subject to basis risk, credit risk and termination risk as outlined the County's Audited Financial Statements. Additionally, since the variable rate bonds are still outstanding they are subject to credit risk, letter of credit renewal risk, put risk and other risk associated with variable rate bonds.

\$43,000,000

Loudon County, Tennessee
Rural School Bonds, Series 2011

Estimated Net Debt Service based on Current Market Rates

Date	Principal	Coupon	Interest	Total P+I	Existing Rural School Debt Service	Net New Rural School Debt Service
06/30/2012	2,500,000.00	0.350%	194,755.80	2,694,755.80	2,388,036.08	5,082,791.88
06/30/2013	2,500,000.00	0.450%	761,712.50	3,261,712.50	1,725,467.36	4,987,179.86
06/30/2014	2,900,000.00	0.550%	750,462.50	3,650,462.50	1,346,700.00	4,997,162.50
06/30/2015	2,910,000.00	0.720%	734,512.50	3,644,512.50	1,354,250.00	4,998,762.50
06/30/2016	2,920,000.00	1.070%	713,560.50	3,633,560.50	1,365,225.00	4,998,785.50
06/30/2017	2,940,000.00	1.330%	682,316.50	3,622,316.50	1,374,400.00	4,996,716.50
06/30/2018	2,965,000.00	1.600%	643,214.50	3,608,214.50	1,386,775.00	4,994,989.50
06/30/2019	3,005,000.00	1.900%	595,774.50	3,600,774.50	1,397,125.00	4,997,899.50
06/30/2020	3,050,000.00	2.140%	538,679.50	3,588,679.50	1,405,450.00	4,994,129.50
06/30/2021	3,095,000.00	2.320%	473,409.50	3,568,409.50	1,426,250.00	4,994,659.50
06/30/2022	3,435,000.00	2.550%	401,605.50	3,836,605.50	1,160,575.00	4,997,180.50
06/30/2023	3,510,000.00	2.730%	314,013.00	3,824,013.00	1,171,925.00	4,995,938.00
06/30/2024	3,590,000.00	2.900%	218,190.00	3,808,190.00	1,190,800.00	4,998,990.00
06/30/2025	3,680,000.00	3.100%	114,080.00	3,794,080.00	1,201,750.00	4,995,830.00
Total	\$43,000,000.00	-	\$7,136,286.80	\$50,136,286.80	\$19,894,728.44	\$70,031,015.24

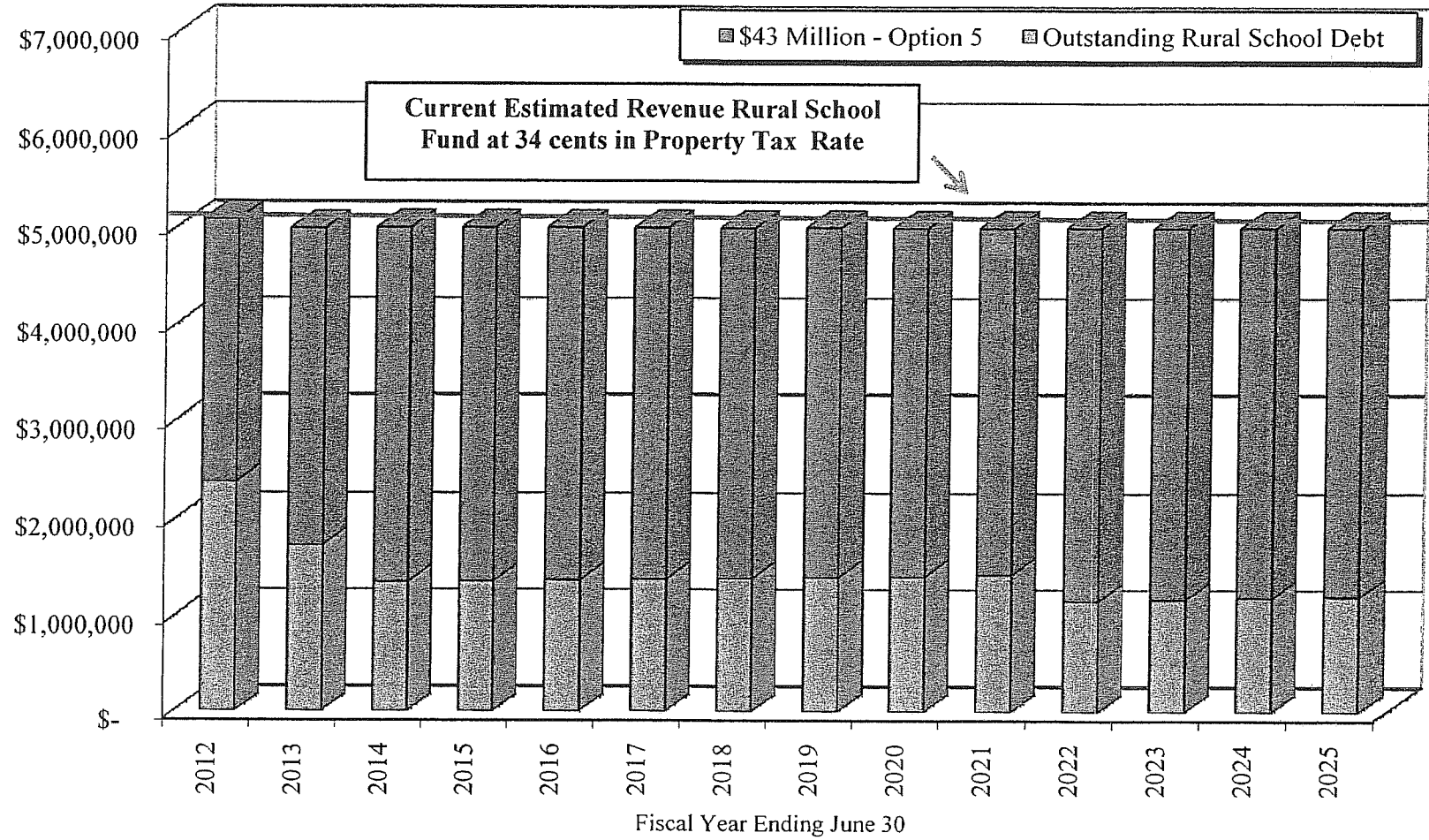
Date And Term Structure

Dated.....	12/30/2011
First Coupon Date.....	4/01/2012
Frequency of Interest Payments.....	2 Per Year
First Serial Maturity Date.....	4/01/2012

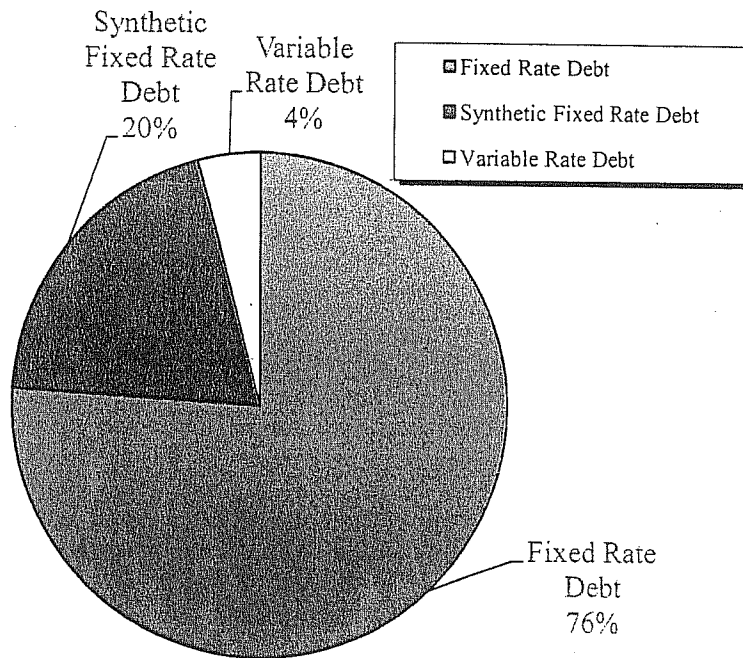
Yield Statistics

Average Coupon.....	2.3076897%
Average Life.....	7.192 Years
Bond Yield for Arbitrage Purposes.....	2.2826084%
Bond Year Dollars.....	\$309,239.44

Loudon County, Tennessee
Total Proposed Rural School Debt Service



Loudon County, Tennessee
 Fixed Rate Ratio vs Variable Rate Ratio
 2011 Bonds Issued as Fixed Rate Debt



Fixed	\$54,038,464
Synthetic Fixed	\$14,125,000
Variable	\$2,970,000
Total	\$71,133,464

Synthetic fixed rate debt is subject to basis risk, credit risk and termination risk as outlined the County's Audited Financial Statements. Additionally, since the variable rate bonds are still outstanding they are subject to credit risk, letter of credit renewal risk, put risk and other risk associated with variable rate bonds.

\$43,000,000

Loudon County, Tennessee
Rural School Bonds, Series 2011

Estimated Sources & Uses

Dated 12/30/2011 | Delivered 12/30/2011

	Fixed Rate Debt	Variable Rate Debt
Estimated Sources Of Funds		
Par Amount of Bonds.....	\$43,000,000.00	\$43,000,000.00
Total Sources.....	\$43,000,000.00	\$43,000,000.00
Estimated Uses Of Funds		
Estimated Costs of Issuance - (Includes Financial Advisor / Legal Counsel / Rating / POS / OS / i-deal / Initial Paying Agent Fee / Other Misc. Cost - Excludes Annual Paying Agent Fee / Dissemination Agent Annual Fee / Local Counsel Fee).....	124,900.00	215,000.00

All fees for issuance are included except for Underwriter's Discount which will be determined when bids are taken for Fixed Rate Bonds or when proposals for Variable Rate Bonds are issued.

Additionally, the County will be responsible for any Annual Paying Agent / Trustee Fee and Dissemination Agent Annual Fee and Local Counsel Fee.