
**EXCERPTS FROM THE MINUTES OF A REGULAR MEETING OF
THE CITY COUNCIL OF THE CITY OF MUSCLE SHOALS**

The City Council of the City of Muscle Shoals met in regular public session at City Hall in the City of Muscle Shoals, Alabama, at 6:00 o'clock p.m. on Monday the 19th day of February, 2018. The meeting was called to order by the Council President, and the roll was called with the following results:

Present: Allen Noles, Council President
 Chris Hall
 Neal Willis
 Mike Lockhart
 Ken Sockwell

Absent: None

City Clerk/Treasurer, Ricky Williams, was also present. The Council President stated that a quorum was present and that the meeting was open for the transaction of business.

Councilmember Hall moved for unanimous consent of the Council to suspend the rules of procedure to allow for the immediate consideration of the following Ordinance:

ORDINANCE NO. 1505- 18

**AN ORDINANCE AUTHORIZING THE ISSUANCE, SALE, DELIVERY, AND PAYMENT OF
\$3,655,000 PRINCIPAL AMOUNT OF GENERAL OBLIGATION WARRANTS, SERIES 2018,
DATED FEBRUARY 28, 2018**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MUSCLE SHOALS,
ALABAMA, AS FOLLOWS:

Section 1. Definitions and Use of Phrases.

The following words and phrases and others evidently intended as the equivalent thereof shall, in the absence of clear implication herein otherwise, be given the following respective interpretations herein:

"Authorized Denominations" means with respect to all Warrants the amount of \$5,000 and any integral multiple thereof for each maturity.

"Authorizing Ordinance" means this ordinance authorizing the issuance of the Warrants.

"Book-Entry System" means a book-entry only system of evidence of purchase and transfer of beneficial ownership interests in the Warrants.

"Business Day" shall mean a day, other than a Saturday or a Sunday, on which commercial banking institutions are open for business in the state where the designated corporate trust office of the Depository is located and a day on which the payment system of the Federal Reserve System is operational.

"Code" means the Internal Revenue Code of 1986, as amended, and all references to specific sections of the Code shall be deemed to include any and all respective successor provisions to such sections..

"Depository" means The Bank of New York Mellon Trust Company, N.A., the bank designated as (i) the place of payment of the Warrants, (ii) the registrar and authenticating agent of the Warrants and (iii) the depository for the Warrant Fund, and any successor bank to The Bank of New York Trust Company, N.A designated by the Municipality pursuant to the provisions of Section 13 hereof.

"Direct Participant" or "Direct Participants" means securities brokers and dealers, banks, trust companies, clearing corporations and other financial institutions which have access to the Book-Entry System.

"Eligible Certificates" means interest bearing certificates of deposit issued by any bank organized under the laws of the United States of America or any state thereof having a combined capital, surplus and undivided profits of not less than \$50,000,000, provided that such certificates of deposit are secured by the issuing bank by depositing and pledging with a Federal Reserve Bank Government Obligations having a market value (exclusive of accrued interest) not less than the face amount of such certificates.

"Government Obligations" means direct general obligations of the United States of America or any securities on which the payment of the principal of and interest on which are unconditionally guaranteed by the United States of America.

"Indirect Participant" or "Indirect Participants" means securities brokers and dealers, banks, trust companies, clearing corporations and other financial institutions for which the Securities Depository holds Warrants as securities depository through a Direct Participant.

"Interest Payment Dates" means February 1 and August 1 in each calendar year through final maturity of the Series 2018 Warrants, beginning August 1, 2018.

"Letter of Representation" means and includes (i) the Letter of Representation with respect to the Warrants from the Municipality to the Securities Depository and (ii) any other or subsequent agreement by whatsoever name or identification with respect to the Warrants between said parties from time to time in effect.

"Municipality" means the City of Muscle Shoals, Alabama, a municipal corporation under the laws of the State of Alabama, and any successor to its functions.

"Original Ordinance" means Ordinance No. 1039, adopted by the Board of Commissioners of the Municipality on June 25, 1984.

"Outstanding Parity Warrants" means collectively the Series 2014 Warrants and Series 2015 Warrants.

"Parity Obligations" means those bonds, warrants or other obligations of the Municipality authorized to be issued as Additional Parity Securities equally and ratably and on a parity of lien with the Warrants and the Outstanding Parity Warrants with respect to the pledge of the Sales Tax, subject to the terms and conditions of the Parity Ordinance.

"Parity Ordinance" means collectively the Original Ordinance, as amended and supplemented by the Series 2014 Warrants Authorizing Ordinances, the Series 2015 Warrants Authorizing Ordinances and this Authorizing Ordinance.

"Qualified Investments" shall mean:

- (1) Government Obligations; or
- (2) Eligible Certificates; or
- (3) Money market funds customarily utilized by the Depository for the investment of public funds and rated "AA-m" or "AAM-G" or better by Standard & Poor's Rating Group.

"Record Date" means, with respect to the Warrants, that date which is 15 calendar days before any date on which interest is due and payable on the Warrants.

"Sales Tax" means that gross receipts tax levied pursuant to Ordinance No. 1011 adopted by the governing body of the Municipality on March 18, 1980, as amended, against persons, firms or corporations, engaged or continuing within the corporate limits of the City of Muscle Shoals, Alabama in the business of selling at retail or storing, using or otherwise consuming any tangible personal property whatsoever, or the business of operating places of amusement or entertainment, now being levied and collected by the City and any gross receipts tax that may be levied by the City in lieu of, substitution for, or in continuation of said tax.

"Securities Depository" means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and the successors and assigns thereof, and any substitute securities depository therefor that maintains a Book-Entry System for the Warrants.

"Securities Depository Nominee" means the Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the Warrant Register the Warrants to be delivered to such Securities Depository during a period in which the Warrants are held pursuant to the Book-Entry System.

"Series 2014-A Warrants" means the General Obligation Refunding Warrants, Series 2014-A, dated January 1, 2014 presently outstanding in the principal amount of \$1,510,000.

"Series 2014-C Warrants" means the General Obligation Refunding Warrants, Series 2014-C, dated May 1, 2014 presently outstanding in the principal amount of \$7,525,000.

"Series 2014 Warrants" means collectively the Series 2014-A Warrants and Series 2014-C Warrants.

"Series 2014-A Warrants Authorizing Ordinance" means the ordinance of the Municipality authorizing the Series 2014-A Warrants.

"Series 2014-C Warrants Authorizing Ordinance" means the ordinance of the Municipality authorizing the Series 2014-C Warrants.

"Series 2014 Warrants Authorizing Ordinances" means collectively the Series 2014-A Warrants Authorizing Ordinance and the Series 2014-C Warrants Authorizing Ordinance.

"Series 2015-A Warrants" means the \$8,455,000 General Obligation Refunding Warrants, Series 2015-A, dated June 1, 2015.

"Series 2015-B Warrants" means the \$500,000 General Obligation Taxable Warrants, Series 2015-B, dated June 1, 2015.

"Series 2015-C Warrants" means the \$1,250,000 General Obligation Refunding Warrants, Series 2018, dated June 1, 2015.

"Series 2015 Warrants" means collectively the Series 2015-A Warrants, Series 2015-B and 2015-C Warrants.

"Series 2015-A Warrants Authorizing Ordinance" means the ordinance of the Municipality authorizing the Series 2015-A Warrants.

"Series 2015-B Warrants Authorizing Ordinance" means the ordinance of the Municipality authorizing the Series 2015-B Warrants.

"Series 2015-C Warrants Authorizing Ordinance" means the ordinance of the Municipality authorizing the Series 2015-C Warrants.

"Series 2015 Warrants Authorizing Ordinances" means the respective ordinances of the Municipality authorizing the Series 2015 Warrants.

"Series 2018 Improvements" means the capital public improvements described on Exhibit B attached hereto and incorporated herein by reference.

"Warrants" means the Municipality's \$3,655,000 principal amount of General Obligation Warrants, Series 2018, dated February 28, 2018, authorized hereunder.

"Warrant Fund" means the Series 2018 General Obligation Warrants Fund, established pursuant to Section 8 hereof.

"Warrant Register" means the register or registers for the registration and transfer of Warrants maintained by the Municipality pursuant to Section 3(e).

"Warrant Registrar" means the agent of the Municipality appointed as such pursuant to Section 3(e) for the purpose of registering Warrants and transfers of Warrants.

The definitions set forth in this section shall be deemed applicable whether the words defined are used herein in the singular or the plural. Wherever used herein, any pronoun or pronouns shall be deemed to include both singular and plural and to cover all genders.

Section 2. Findings and Representations.

The Municipality, by and through its City Council, does hereby find, determine, represent, and warrant as follows:

(a) It is necessary and in the best public interest for the Municipality to issue the Warrants for the purposes of (1) acquiring and constructing the Series 2018 Improvements, and (2) paying issuance expenses.

(b) The assessed valuation of the taxable property in the Municipality for the preceding fiscal year ending September 30, 2017 (including motor vehicles) is not less than \$212,104,880, and the total indebtedness of the Municipality (including the Warrants) chargeable against the debt limitation for the Municipality prescribed by the Constitution of the State of Alabama will not be more than twenty percent of said assessed valuation.

(c) The Municipality has levied and is presently collecting the Sales Tax. The levy and collection of the Sales Tax is hereby ratified, confirmed and approved.

(d) The Sales Tax has not heretofore been pledged for the benefit of any outstanding bonds, notes, warrants or other obligations of the Municipality other than the Outstanding Parity Warrants heretofore issued.

(e) The Warrants will be payable from the Sales Tax on a parity of lien with the Outstanding Parity Warrants.

(f) The Municipality is not in default under any of the Series 2014 Warrants Authorizing Ordinances or the Series 2015 Warrants Authorizing Ordinances, and no such defaults thereunder or under any other debt proceedings is imminent.

Section 3. Authorization and Description of Warrants.

(a) Pursuant to the applicable provisions of the laws of the State of Alabama, including particularly Section 11-47-2 of the CODE OF ALABAMA 1975, as amended, there is hereby authorized to be issued a series of warrants designated "General Obligation Warrants, Series 2018" in the maximum aggregate principal amount of \$3,655,000. The Warrants shall be dated February 28, 2018, shall be in registered form, without coupons, shall be in the denomination of \$5,000 or any integral multiple thereof, and shall be numbered in such manner as the Depository shall determine will be most useful for the identification thereof. The Warrants shall mature, subject to prior optional and mandatory redemption as hereinafter provided, on August 1, in the following years and principal amounts and shall bear interest at the per annum interest rates set opposite such principal amounts:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2020	\$190,000	1.500%	2032	\$250,000	3.200%
2022	195,000	2.000	2033	255,000	3.250
2024	200,000	2.250	2034	265,000	3.300
2026	210,000	2.500	2035	275,000	3.350
2028	225,000	2.750	2036	285,000	3.400
2029	230,000	2.875	2037	295,000	3.450
2030	235,000	3.000	2038	305,000	3.500
2031	240,000	3.100			

(b) Subject to the requirements of the Book-Entry System hereinafter described, the principal of and premium (if any) on the Warrants shall be payable only upon presentation and surrender of the Warrants at the designated office of the Depository. Interest on the Warrants shall be remitted by the Depository to the respective registered owners of the Warrants at the addresses thereof shown on the registration books of the Depository pertaining to the Warrants. Interest shall be payable on February 1 and August 1 in each year, first interest payable on August 1, 2018. The principal of, premium, if any, and interest on the Warrants shall be payable in lawful money of the United States at par and without discount, exchange, deduction or charge therefor.

(c) Book-Entry System

(i) The Warrants shall initially be issued pursuant to a Book-Entry System administered by the Securities Depository with no physical distribution of any Warrant to any person. One Warrant for each maturity of such series will be issued, registered in the name of the Securities Depository Nominee, and immobilized in the custody of the Securities Depository. Beneficial ownership interests in Warrants held by the Securities Depository may be purchased by or through Direct Participants. The holders of these beneficial ownership interests in such Warrants are referred to as the "Beneficial Owners." The Beneficial Owners will not receive certificated warrants representing their beneficial ownership interests. Ownership of the interests in Warrants in Authorized Denominations will be evidenced on the records of the Securities Depository and the Direct Participants and Indirect Participants pursuant to rules and procedures established by the Securities Depository. During a period in which the Book-Entry System is in effect for the Warrants, the Municipality and the Depository shall treat the Securities Depository or the Securities Depository Nominee as the only registered owner of such Warrants for all purposes under the Ordinance, including, without limitation, receipt of all principal of, premium (if any) and interest on the Warrants, receipt of notices, voting, and requesting or directing the Depository or Municipality to take or not to take, or consenting to, certain actions under the Ordinance. In the event the Securities Depository or the Securities Depository Nominee assigns its rights to consent or vote under the Ordinance to any Direct Participant or Indirect Participant, the Municipality and the Depository shall treat such assignee or assignees as the only registered owner or owners of the Warrants of such series for the purpose of exercising such rights so assigned.

(ii) During a period in which the Book-Entry System is in effect for the Warrants, payments of principal and interest, with respect to such Warrants will be paid by the Depository directly to the Securities Depository, or the Securities Depository Nominee, as Holder, and as provided in the Letter of Representations; provided, that payment of the principal of such Warrants due at final maturity of such Warrants shall be made only upon surrender thereof at the designated office of the Depository. The Securities Depository and the Direct Participants and the Indirect Participants shall be responsible for the disbursement of such payments to the Beneficial Owners. All such payments to the Securities Depository or the Securities Depository Nominee, as Holder, of principal of, and interest on such Warrants on behalf of the Municipality or the Depository shall be valid and effectual to satisfy and discharge the liability of the Municipality and the Depository to the extent of the amounts so paid, and the Municipality and the Depository shall not be responsible or liable for payment to any Beneficial Owner by the Securities Depository or by any Direct Participant or by any Indirect Participant, or for sending transaction statements or for maintaining, supervising or reviewing records maintained by the Securities Depository or Direct Participants or Indirect Direct Participants.

(iii) Transfers of ownership interests in the Warrants by the Beneficial Owners thereof, and conveyance of notices and other communications by the Securities Depository to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect

Participants to Beneficial Owners of the Warrants, will be governed by arrangements among the Securities Depository, Direct Participants, Indirect Participants and the Beneficial Owners, subject to any statutory and regulatory requirements as may be in effect from time to time. For every transfer and exchange of beneficial ownership in such Warrants, the Beneficial Owners may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

(iv) Redemption notices respecting Warrants held by the Securities Depository shall be sent to the Securities Depository Nominee by the Depository.

(v) In the event that the Securities Depository ceases to act as the securities depository for the Warrants, the Municipality shall discontinue the Book-Entry System for such Warrants. If the Municipality fails to appoint another qualified securities depository to replace the then acting Securities Depository, the Municipality will cause the Depository to authenticate and deliver fully registered certificated Warrants to each Beneficial Owner in evidence of the ownership interests thereof. The Securities Depository shall provide a list of Warranholders with addresses to the Depository. If the Book-Entry System is discontinued for the Warrants, payments to, and transfers of such Warrants by the Beneficial Owners shall be governed by the provisions set forth in this Ordinance with respect thereto.

(vi) The Municipality may enter into a custody agreement with any bank or trust company serving as Depository (which may be the Depository serving in the capacity of Depository) to provide for a Book-Entry System or similar method for the registration and transfer of the Warrants.

(vii) During a period in which the Book-Entry System is in effect for the Warrants in accordance herewith, the provisions of this Ordinance and such Warrants shall be construed in accordance with the Letter of Representations and to give full effect to such Book-Entry System.

(viii) The Beneficial Owners of the Warrants, by their acquisition of any beneficial interest in a Warrant or Warrants, and the Securities Depository, the Securities Depository Nominee, and all Direct Participants and all Indirect Participants, severally agree that the Municipality and the Depository shall not have any responsibility or obligation to any Direct Participant or any Indirect Participant or any Beneficial Owner with respect to (1) the accuracy of any records maintained by the Securities Depository or any Direct Participant or any Indirect Participant; (2) the payment by the Securities Depository or any Direct Participant or any Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of, premium (if any) and interest on the Warrants; (3) the delivery or timeliness of delivery by the Securities Depository or any Direct Participant or any Indirect Participant of any notice due to any Beneficial Owner which is required or permitted under the terms of the Ordinance to be given to Beneficial Owners; or (4) any consent given or other action taken by the Securities Depository, or the Securities Depository Nominee, as owner.

(d) Discontinuation of Book-Entry System; Registration; Transfer and Exchange of Warrants; Replacement of Lost, Destroyed or Stolen Warrants.

(i) The Warrants may be issued in certificated form, and not pursuant to a Book-Entry System, in accordance with the provisions hereof.

(ii) The Securities Depository may determine to discontinue the Book-Entry System with respect to the Warrants at any time upon notice to the Municipality and the Depository and upon discharge of its responsibilities with respect thereto under applicable law. Upon such notice and compliance with law the Book-Entry System for such Warrants will be discontinued unless a successor securities depository is appointed by the Municipality.

(iii) In the event the Book-Entry System for the Warrants is discontinued, Warrants in certificated form in Authorized Denominations will be physically distributed to the Beneficial Owners thereof and such Warrants will be registered in the names of the owners thereof on the registration books of the Depository pertaining thereto, and the Depository will make payments of principal of, premium (if any) and interest on such Warrants to the registered owners thereof as provided in the Warrants and this ordinance and the following provisions with respect to registration, transfer and exchange of such Warrants by the registered owners thereof shall apply:

(1) Each of the Warrants may be transferred by the Holder thereof or his duly authorized attorney, only on the Warrant Register upon surrender of such Warrant to the Warrant Registrar for cancellation. Upon surrender for transfer of any Warrant, the Municipality shall execute, and the Depository shall authenticate, register and deliver, in the name of the designated transferee or transferees, one or more new Warrants of any Authorized Denominations and in a principal amount equal to the unpaid or unredeemed portion of the principal of the Warrant so presented.

(2) At the option of the Holder, Warrants may be exchanged for other Warrants of the same series, of any Authorized Denomination and of a like aggregate principal amount, upon surrender of the Warrants to be exchanged at a designated corporate office of the Warrant Registrar. Whenever any Warrants are so surrendered for exchange, the Municipality shall execute, and the Depository shall authenticate, register and deliver, the Warrants which the Holder making the exchange is entitled to receive.

(3) All Warrants surrendered upon any exchange or transfer provided for in this Ordinance shall be canceled.

(4) All Warrants issued upon any transfer or exchange of Warrants shall be the valid obligations of the Municipality and be entitled to the same security and benefits under this Ordinance as the Warrants surrendered upon such transfer or exchange.

(5) Every Warrant presented or surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer in form satisfactory to the Municipality and the Warrant Registrar duly executed by the Holder thereof or his attorney duly authorized in writing.

(6) The Warrant Registrar shall not be required to transfer or exchange any Warrant during the period between the Record Date and the then next succeeding interest payment date; and, in the event that any Warrant (or any part thereof) is duly called for redemption, the Warrant Registrar shall not be required to transfer or exchange any such Warrant during the period of forty-five (45) days next preceding the date fixed for such redemption.

(7) If (i) any mutilated Warrant is surrendered to the Depository, or the Municipality and the Depository receive evidence to their satisfaction of the destruction, loss or theft of any Warrant, and (ii) there is delivered to the Municipality and the Depository such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Municipality or the Depository that such Warrant has been acquired by a bona fide purchaser, the Municipality shall execute and the Depository shall authenticate, register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen

Warrant, a new Warrant of like tenor and principal amount, bearing a number not contemporaneously outstanding.

(8) Upon the transfer or exchange of any Warrant or the issuance of any new Warrant under this Section, the Municipality may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith; provided no charge shall be made to the Holder for any transfer or exchange of Warrants.

(9) Every new Warrant issued pursuant to this Section in lieu of any destroyed, lost or stolen Warrant shall constitute an original additional contractual obligation of the Municipality, whether or not the destroyed, lost or stolen Warrant shall be at any time enforceable by any person.

(10) The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Warrants.

(e) Registration of Warrants.

The Municipality shall cause to be kept at the designated corporate office of the Depository a register (the "Warrant Register") in which, subject to such reasonable regulations as it may prescribe, the Municipality shall provide for the registration of Warrants and registration of transfers of Warrants entitled to be registered or transferred as herein provided. The Depository is hereby appointed "Warrant Registrar" for the purpose of registering Warrants and transfers of Warrants as herein provided.

Section 4. Redemption of Warrants.

(a) Optional Redemption.

The Warrants maturing on August 1, 2026 and thereafter shall be subject to redemption, in whole or in \$5,000 multiples, prior to their stated maturity, at the option of the Municipality, on August 1, 2024, and on any date thereafter, at a redemption price for each Warrant (or principal portion thereof) to be redeemed equal to the principal amount thereof to be redeemed, plus accrued interest to the date fixed for redemption, without premium or penalty.

(b) Mandatory Redemption.

(i) The Series 2018 Warrants with a stated maturity on August 1, 2020 (the "2020 Term Warrants") are required to be redeemed on August 1, 2019 in the principal amount of \$95,000 (with those to be redeemed to be selected by the Depository) at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon, without premium or penalty. The remainder of the 2020 Term Warrants in principal amount of \$95,000 will mature on August 1, 2020.

(ii) The Series 2018 Warrants with a stated maturity on August 1, 2022 (the "2022 Term Warrants") are required to be redeemed on August 1, 2021 in the principal amount of \$95,000 (with those to be redeemed to be selected by the Depository) at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon, without premium or penalty. The remainder of the 2022 Term Warrants in principal amount of \$100,000 will mature on August 1, 2022.

(iii) The Series 2018 Warrants with a stated maturity on August 1, 2024 (the "2024 Term Warrants") are required to be redeemed on August 1, 2023 in the principal amount of \$100,000 (with those to be redeemed to be selected by the Depository) at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon, without premium or penalty. The remainder of the 2024 Term Warrants in principal amount of \$100,000 will mature on August 1, 2024.

(iv) The Series 2018 Warrants with a stated maturity on August 1, 2026 (the "2026 Term Warrants") are required to be redeemed on August 1, 2025 in the principal amount of \$105,000 (with those to be redeemed to be selected by the Depository) at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon, without premium or penalty. The remainder of the 2026 Term Warrants in principal amount of \$105,000 will mature on August 1, 2026.

(v) The Series 2018 Warrants with a stated maturity on August 1, 2028 (the "2028 Term Warrants") are required to be redeemed on August 1, 2027 in the principal amount of \$110,000 (with those to be redeemed to be selected by the Depository) at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon, without premium or penalty. The remainder of the 2028 Term Warrants in principal amount of \$115,000 will mature on August 1, 2028.

(c) Notice, Selection.

If the Book-Entry System is in effect, then redemption shall be made as herein described under the Book-Entry Only System and in accordance with the provisions of the Letter of Representation. If less than all of the Warrants are to be optionally redeemed during a period in which the Book-Entry System is in effect for the Warrants, the Municipality shall designate the order and amount of maturities of the Warrants (or portions thereof) to be redeemed not less than 45 nor more than 60 days prior to the redemption date and, in accordance with the Letter of Representation, the Securities Depository may determine the amount of the interest of each Direct Participant in those of such Warrants to be redeemed, on the basis of the smallest Authorized Denomination of such Warrants, by lot or by such other method as the Securities Depository shall deem fair and appropriate.

If less than all of the Warrants at the time outstanding are redeemed at the time the Book-Entry System is not in effect, then any optional redemption shall be in such amount and order of maturities as the Municipality shall determine in its sole discretion. In the event that less than all of the principal of the Warrants of a maturity is to be redeemed, the Depository shall assign a number to each \$5,000 principal portion of all of the Warrants of such maturity and, shall, by process of random selection based upon such numbers, select the principal portion of Warrants of such maturity to be redeemed. Notice of any intended redemption shall be given by United States registered or certified mail not less than 30 days prior to the proposed redemption date to the registered owner of each Warrant, all or a portion of the principal of which is to be redeemed, at the address thereof as it last appears on the registration books of the Depository pertaining to the Warrants. Notice having been so given and payment of the redemption price duly made or provided, Warrants (or portions thereof) so called for redemption shall cease to bear interest from and after the redemption date unless default is made in the payment of the redemption price.

Section 5. Form of Warrants.

The form of the Warrants and the requisite certificates thereof shall be substantially as follows:

**UNITED STATES OF AMERICA
STATE OF ALABAMA
CITY OF MUSCLE SHOALS
GENERAL OBLIGATION WARRANT
SERIES 2018**

No. R _____ \$ _____

MATURITY DATE: _____ INTEREST RATE: _____ CUSIP: _____
August 1, 20__ % _____

The CITY OF MUSCLE SHOALS, a municipal corporation organized and existing under and by virtue of the laws of the State of Alabama (the "Municipality"), for value received, hereby acknowledges itself indebted to CEDE & CO. or registered assigns in the principal sum of

_____ DOLLARS (\$ _____)

and hereby orders and directs the City Clerk/Treasurer of the Municipality to pay to said payee or registered assigns solely from the Fund hereinafter designated said sum on the Maturity Date specified above, and to pay from said Fund interest on said sum from the date hereof at the per annum Interest Rate specified above, payable on February 1 and August 1 in each year, first interest payable on August 1, 2018. Interest shall be computed on a 360-day year with twelve months of thirty days each. The principal of and interest on this Warrant are payable in lawful money of the United States of America, at par and without deduction for exchange or costs of collection. The principal of and premium (if any) on this Warrant, shall be payable only upon presentation and surrender of this Warrant at the designated office of The Bank of New York Mellon Trust Company, N.A, Birmingham, Alabama (the "Depository"). Subject to the requirements of the Book-Entry System hereinafter described, interest on this Warrant shall be remitted by the Depository to the then registered owner of this Warrant at the address thereof shown on the registration books of the Depository. Such payments shall be deemed timely made if so mailed on the interest payment date (or if such interest payment date is not a business day, on the business day next following such interest payment date). All such payments shall be valid and effectual to satisfy and discharge the liability of the Municipality or the Depository upon this Warrant to the extent of the sum or sums so paid.

This Warrant is one of a duly authorized issue of General Obligation Warrants, Series 2018, of the Municipality (the "Warrants") limited to an aggregate principal amount of \$3,655,000, issued pursuant to the Constitution and laws of the State of Alabama, including the provisions of Section 11-47-2 of the CODE OF ALABAMA 1975, as amended, and ordinances and proceedings of the Municipality duly held, passed and conducted (the "Authorizing Ordinance"). The indebtedness evidenced by the Warrants is a general obligation of the Municipality, and the full faith and credit of the Municipality are hereby sacredly and irrevocably pledged to the punctual payment of the principal thereof and interest thereon. In the Authorizing Ordinance the Municipality has additionally pledged and assigned, on a parity of lien with the Municipality's outstanding (1) General Obligation Refunding Warrants, Series 2015-A, dated June 1, 2015 (the "Series 2015-A Warrants"), (2) General Obligation Taxable Warrants, Series 2015-B, dated June 1, 2015 (the "Series 2015-B Warrants"), (3) General Obligation Refunding Warrants, Series 2015-C, dated June 1, 2015 (the "Series 2015-C Warrants") (collectively the aforesaid three series of 2015 Warrants are herein referred to as the "Series 2015 Warrants"), (4) General Obligation Refunding Warrants, Series 2014-A, dated January 1, 2014 (the "Series 2014-A Warrants") and (5) General Obligation Refunding Warrants, Series 2014-C, dated May 1, 2014 (the "Series 2014-C Warrants") (collectively the aforesaid two series of 2014 Warrants are herein referred to as the "Series 2014 Warrants"), to the payment of the principal of, premium, if any, and interest on the Warrants, a

sufficient amount of the gross receipts tax levied pursuant to Ordinance No. 1011 adopted by the governing body of the Municipality on March 18, 1980, as amended, against persons, firms or corporations, engaged or continuing within the corporate limits of the City of Muscle Shoals, Alabama in the business of selling at retail or storing, using or otherwise consuming any tangible personal property whatsoever, or the business of operating places of amusement or entertainment, now being levied and collected by the City and any gross receipts tax that may be levied by the City in lieu of, substitution for, or in continuation of said tax (the aforesaid taxes referred to above are herein collectively called the "Sales Tax").

In the Authorizing Ordinance and in Ordinance No. 1039 (the "Original Ordinance") of the Municipality adopted by the governing body of the Municipality on June 25, 1984, as amended and supplemented, the Municipality has reserved the privilege of issuing additional obligations secured by a pledge of the Sales Tax on a parity with the aforesaid pledge thereof for the benefit of the Warrants, the Series 2014 Warrants and the Series 2015 Warrants, subject to the terms, conditions and limitations set forth in the Original Ordinance and the Authorizing Ordinance.

The Warrants are initially issued in Authorized Denominations pursuant to a Book-Entry System to be administered by the Securities Depository and registered in the name of and held by the Securities Depository Nominee, all as more particularly provided in the Authorizing Ordinance. Reference is hereby made to the Authorizing Ordinance for the terms and conditions upon which the purchase, transfer and exchange of beneficial ownership interest in the Warrants are to be made by means of the Book-Entry System administered by the Securities Depository, to and by all of which terms, conditions and provisions of the Authorizing Ordinance the owner of any beneficial interest in the Warrant, by the acquisition hereof, hereby assents and agrees to be bound. In the event the Book-Entry System for the Warrants is discontinued, Warrants in certificated form in Authorized Denominations will be physically distributed to the Beneficial Owners thereof, the hereinafter described Warrants will be registered in the names of the owners thereof on the registration books of the Depository pertaining thereto, the Depository shall make payments of principal of and interest on the Warrants to the registered owners thereof as provided in the Warrants and the Authorizing Ordinance, and the provisions of this warrant and of the Authorizing Ordinance with respect to registration, transfer and exchange of warrants by the registered owners thereof shall apply.

The Municipality has established in the Authorizing Ordinance a special fund designated "Series 2018 General Obligation Warrants Fund" for the payment of the principal of, premium, if any, and interest on the Warrants and has obligated itself to pay or cause to be paid into said Fund from the Sales Tax or other taxes, revenues or other funds of the Municipality sums sufficient to provide for the payment of the principal of, premium, if any, and interest on the Warrants as the same mature and come due.

The Warrants maturing on August 1, 2026 and thereafter shall be subject to redemption, in whole or in \$5,000 multiples, prior to their stated maturity, at the option of the Municipality, on August 1, 2024, and on any date thereafter, at a redemption price for each Warrant (or principal portion thereof) to be redeemed equal to the principal amount thereof to be redeemed, plus accrued interest to the date fixed for redemption, without premium or penalty.

The Warrants with a stated maturity on August 1, 2020 (the "2020 Term Warrants") are required to be redeemed on August 1, 2019 in the principal amount of \$95,000 (with those to be redeemed to be selected by the Depository) at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon, without premium or penalty. The remainder of the 2020 Term Warrants in principal amount of \$95,000 will mature on August 1, 2020.

The Warrants with a stated maturity on August 1, 2022 (the "2022 Term Warrants") are required to be redeemed on August 1, 2021 in the principal amount of \$95,000 (with those to be redeemed to be selected by the Depository) at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon, without premium or penalty. The remainder of the 2022 Term Warrants in principal amount of \$100,000 will mature on August 1, 2022.

The Warrants with a stated maturity on August 1, 2024 (the "2024 Term Warrants") are required to be redeemed on August 1, 2023 in the principal amount of \$100,000 (with those to be redeemed to be selected by the Depository) at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon, without premium or penalty. The remainder of the 2024 Term Warrants in principal amount of \$100,000 will mature on August 1, 2024.

The Warrants with a stated maturity on August 1, 2026 (the "2026 Term Warrants") are required to be redeemed on August 1, 2025 in the principal amount of \$105,000 (with those to be redeemed to be selected by the Depository) at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon, without premium or penalty. The remainder of the 2026 Term Warrants in principal amount of \$105,000 will mature on August 1, 2026.

The Warrants with a stated maturity on August 1, 2028 (the "2028 Term Warrants") are required to be redeemed on August 1, 2027 in the principal amount of \$110,000 (with those to be redeemed to be selected by the Depository) at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon, without premium or penalty. The remainder of the 2028 Term Warrants in principal amount of \$115,000 will mature on August 1, 2028.

If the Book-Entry System is in effect, then redemption shall be made as herein described under the Book-Entry Only System and in accordance with the provisions of the Letter of Representation. If less than all of the Warrants are to be optionally redeemed during a period in which the Book-Entry System is in effect for the Warrants, the Municipality shall designate the order and amount of maturities of the Warrants (or portions thereof) to be redeemed not less than 45 nor more than 60 days prior to the redemption date and, in accordance with the Letter of Representation, the Securities Depository may determine the amount of the interest of each Direct Participant in those of such Warrants to be redeemed, on the basis of the smallest Authorized Denomination of such Warrants, by lot or by such other method as the Securities Depository shall deem fair and appropriate. If less than all of the Warrants at the time outstanding are redeemed at the time the Book-Entry System is not in effect, then any optional redemption shall be in such amount and order of maturities as the Municipality shall determine in its sole discretion. In the event that less than all of the principal of the Warrants of a maturity is to be redeemed, the Depository shall assign a number to each \$5,000 principal portion of all of the Warrants of such maturity and shall, by process of random selection based upon such numbers, select the principal portion of Warrants of such maturity to be redeemed. Notice of any intended redemption shall be given by United States registered or certified mail not less than 30 days prior to the proposed redemption date to the registered owner of each Warrant, all or a portion of the principal of which is to be redeemed, at the address thereof as it last appears on the registration books of the Depository pertaining to the Warrants. Notice having been so given and payment of the redemption price duly made or provided, Warrants (or portions thereof) so called for redemption shall cease to bear interest from and after the redemption date unless default is made in the payment of the redemption price.

The Warrants are issuable only as fully registered Warrants in the denomination of \$5,000 or any integral multiple thereof. Provision is made in the Authorizing Ordinance for the exchange of Warrants for a like aggregate principal amount of Warrants of the same maturity and in authorized denomination, all upon the terms and subject to the conditions set forth in the Authorizing Ordinance with respect thereto.

If the Book-Entry System is not in effect, then the Warrants may be transferred by the registered owner in person or by authorized attorney, only on the books of the Depository and only upon surrender of the Warrant to the Depository for cancellation with a written instrument of transfer acceptable to the Depository executed by the registered owner or his duly authorized attorney, and upon any such transfer, a new Warrant of like tenor shall be issued to the transferee in exchange thereof. Each registered owner, by receiving or accepting this Warrant, shall consent and agree and shall be estopped to deny that insofar as the Municipality and the Depository are concerned, this Warrant may be transferred only in accordance with the provisions of the Authorizing Ordinance.

Provision is made in the Authorizing Ordinance for the replacement of any Warrant which shall be or become mutilated, lost, stolen or destroyed by the issuance, authentication and registration of a new Warrant of like tenor, subject, however, to the terms, conditions and limitations contained in the Authorizing Ordinance with respect thereto.

The Depository shall not be required to transfer or exchange any Warrant during the period of fifteen days next preceding any February 1 or August 1; and in the event that any Warrant (or any principal part thereof) is duly called for redemption and prepayment, the Depository shall not be required to register or transfer any such Warrant during the period of forty-five (45) days next preceding the date fixed for such redemption or prepayment. No charge shall be made for the privilege of transfer, but the registered owner of any Warrant requesting any such transfer shall pay any tax or other governmental charge required to be paid with respect thereto.

It is hereby recited, certified and declared that the indebtedness evidenced and ordered paid by this Warrant is lawfully due without condition, abatement or offset of any description, that this Warrant has been registered in the manner provided by law, that all acts, conditions and things required by the Constitution and laws of the State of Alabama to happen, exist and be performed precedent to and in the execution, registration and issuance of this Warrant, and the adoption of the Authorizing Ordinance have happened, do exist and have been performed as so required and that the principal amount of this Warrant, together with all other indebtedness of the Municipality, are within every debt and other limit prescribed by the Constitution and laws of the State of Alabama.

IN WITNESS WHEREOF, the Municipality has caused this Warrant to be manually executed in its name and on its behalf by its Mayor and manually attested by its City Clerk/Treasurer, who has signed this Warrant and caused its corporate seal to be affixed hereto, and has caused this Warrant to be dated February 28, 2018.

CITY OF MUSCLE SHOALS, ALABAMA

By: _____

Its Mayor

CITY SEAL

Attest: _____

City Clerk/Treasurer

AUTHENTICATION AND REGISTRATION DATE:

AUTHENTICATION AND REGISTRATION CERTIFICATE

This Warrant is hereby authenticated and has been registered by the City of Muscle Shoals on the registration books maintained with the Depository in the name of the above registered owner on the Authentication and Registration Date noted above.

**THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.**

By: _____

REGISTRATION CERTIFICATE

I hereby certify that this Warrant has been duly registered by me as a claim against the City of Muscle Shoals, in the State of Alabama, the Warrant Fund referred to herein and the proceeds of the Sales Tax pledged to the payment hereof.

City Clerk/Treasurer

ASSIGNMENT

For value received _____ hereby sell(s), assign(s) and transfer(s) unto _____ the within Warrant and hereby irrevocably constitute(s) and appoint(s) _____ attorney, with full power of substitution in the premises, to transfer this Warrant on the books of the within mentioned Depository.

Dated this ____ day of _____, 20__.

NOTE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Warrant in every particular, without alteration, enlargement or change whatsoever.

Signature Guaranteed:

(Bank, Broker or Firm*)

By: _____

Its: _____

Medallion Number: _____

- * Signature(s) must be guaranteed by an eligible guarantor institution which is a member of a recognized signature guarantee program, i.e., Securities Transfer Agents Medallion Program (STAMP), Stock Exchanges Medallion Program (SEMP), or New York Stock Exchange Medallion Signature Program (MSP).

Section 6. Execution of the Warrants, Registration Certificate and Authentication and Registration Certificate.

(a) Each of the Warrants shall be manually executed in the name and on behalf of the Municipality by the Mayor and shall be attested by the City Clerk/Treasurer, and the official seal of the Municipality shall be imprinted thereon. The Warrants shall be registered by the City Clerk/Treasurer of the Municipality, in the records maintained by the said City Clerk/Treasurer, as a claim against the Municipality, the Sales Tax and the Warrant Fund, which registration shall be made simultaneously as to all the Warrants. The certificate of registration on each of the Warrants shall be executed by the City Clerk/Treasurer of the Municipality. Said officers are hereby directed to so execute, attest and register the Warrants. In case any officer whose signature shall appear on the Warrants shall cease to be such officer before the authentication and delivery of such Warrants, such signature shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until authentication and delivery.

(b) The Authentication and Registration Certificate on each Warrant shall be manually executed by an authorized officer of the Depository, and each Warrant shall be registered in the name of the owner on the registration books maintained with the Depository. No Warrant shall be valid unless such Warrant has been validly authenticated and registered on said registration books by the Depository.

Section 7. Warrants Are General Obligations.

The indebtedness evidenced and ordered paid by the Warrants shall be a general obligation of the Municipality for the punctual payment of the principal of, premium, if any, and interest on which the full faith, credit and taxing power of the Municipality are hereby irrevocably pledged. The Municipality represents that ad valorem taxes have been levied and hereby covenants and agrees that such taxes will be levied and collected, insofar as such taxes may be permitted by the present or any future provisions of the Constitution of Alabama, on all taxable property in the Municipality, and applied to the maximum extent permitted by law to the payment of the principal of and interest on the Warrants as such principal matures and such interest comes due, in amounts sufficient for such purposes.

Section 8. The Warrant Fund.

(a) There is hereby established a special fund designated the "Series 2018 General Obligation Warrants Fund," which shall be held by the Depository as depository for the Warrants, until the principal of, premium, if any, and interest on the Warrants shall have been paid in full or provision for such payment shall have been made as provided in Section 14 hereof. Moneys in the Warrant Fund shall be used solely for the payment of the principal of, premium (if any) and interest on the Warrants. The Municipality shall pay or cause to be paid into the two accounts of the Warrant Fund the following amounts on or before the following dates:

(i) On or before July 25, 2018, an amount equal to the interest coming due on the first interest payment date of August 1, 2018;

(ii) On or before January 25, 2019, and on or before the 25th day of each January and July thereafter, to and including July 25, 2038, an amount equal to the interest coming due on the next ensuing interest payment date; and

(iii) On or before July 25, 2019, and on or before the 25th day, of each July thereafter, to and including July 25, 2038, an amount equal to the principal amount coming due or subject to mandatory redemption on the next ensuing principal payment or mandatory redemption date, the first such mandatory redemption date being August 1, 2019.

(b) If on any principal or interest payment date the balance in the Warrant Fund is insufficient to pay the principal of, premium, if any, and interest on the Warrants due and payable on such date, the Municipality shall forthwith pay any such deficiency into the Warrant Fund.

(c) The Municipality and the Depository shall cause all money deposited in the Warrant Fund to be applied to the payment of principal or interest on the Warrants within thirteen months from the date of such deposit and shall cause all income and profits received from the investment of money in the Warrant Fund to be applied to the payment of principal or interest on the Warrants within twelve months from the date of receipt of such income or profits.

(d) Income and profits received from any investment of money in the Warrant Fund shall be credited against the deposit next required to be made into the Warrant Fund.

Section 9. Pledge of Sales Tax.

(a) There is hereby appropriated and ordered segregated and the Municipality hereby irrevocably pledges, on a parity of lien with the Outstanding Parity Warrants, to the punctual payment of the principal of, premium, if any, and interest on the Warrants, so much as may be necessary of the proceeds of the Sales Tax. The Municipality hereby covenants and agrees, so long as any of the Warrants are outstanding, as a part of the contract whereunder the money is borrowed and the Warrants issued, to continue to levy and collect the Sales Tax, to pay into the Warrant Fund, and to apply to the payment of the principal and interest on the Warrants, on a parity of lien with the Outstanding Parity Warrants, the proceeds of the Sales Tax so pledged. The Municipality represents that upon the issuance of the Warrants there will be no lien, encumbrance, pledge or assignment on or of the proceeds of the Sales Tax except for the benefit of the Warrants and the Outstanding Parity Warrants.

(b) The Municipality does hereby covenant and agree that, except as otherwise provided in Section 8 of the Original Ordinance and in Section 15 hereof with respect to the issuance of Parity Obligations, the Sales Tax shall not hereafter be pledged by it to the payment of any other obligation or obligations of the Municipality unless such pledge or pledges are made subject to and subordinate in all respects to the respective pledges of the Sales Tax herein made for the benefit of the Warrants and the Outstanding Parity Warrants.

(c) The City will not reduce the rate of the Sales Tax below the current rate while the Warrants and any Outstanding Parity Warrants are outstanding.

Section 10. Transfer of Funds.

(a) The City Clerk/Treasurer of the Municipality shall collect the proceeds of the Sales Tax and deposit the same in the Warrant Fund in the amounts and at the times that deposits are required by this ordinance to be made into said Fund.

(b) In the event that the proceeds of the Sales Tax shall not be sufficient to pay the principal of, premium, if any, and interest on the Warrants and to make the deposits into the Warrant Fund in the amounts and at the times required by this ordinance, the Municipality further covenants and agrees promptly to make up such deficiency from other revenues, income, taxes, assets and resources of the Municipality, and the City Clerk/Treasurer of the Municipality shall promptly deposit into the Warrant Fund from the aforesaid sources all amounts required to make up such deficiency.

Section 11. Security for Warrant Fund.

The money at any time on deposit in the Warrant Fund shall be and at all times remain public funds impressed with a trust for the purpose for which the Warrant Fund is created. The Depository shall at all times keep the money on deposit with it in such Fund continuously secured for the benefit of the Municipality and the registered owners of the Warrants either

(a) by holding on deposit as collateral security Government Obligations having a market value (exclusive of accrued interest) not less than the amount of money on deposit in the Warrant Fund, or

(b) if the furnishing of security in the manner provided in the foregoing clause (a) is not permitted by the then applicable laws and regulations, then in such manner as may be required or permitted by the applicable State of Alabama and Federal laws and regulations respecting the security for or granting a preference in the case of the deposit of public trust funds; provided, however, that it shall not be necessary for the Depository so to secure (i) any portion of the money on deposit in the Warrant Fund that may be insured by the Federal Deposit Insurance Corporation or by any agency of the United States of America that may succeed to its functions, or (ii) any portion of the money on deposit in such Fund that may be invested as provided in Section 12.

Section 12. Investment of Money in Warrant Fund.

The Municipality may cause any money on deposit in the Warrant Fund not then needed for the payment of principal of or interest on the Warrants to be invested or reinvested by the Depository at the written direction of the Municipality in Qualified Investments. The Depository shall not be held liable or responsible for any loss resulting from any such investments. All such investments must mature or be subject to redemption at the option of the holder on or prior to the respective date or dates when cash funds will be required for the purposes of such Fund. Any such investments shall be held by or under control of the Depository. All interest accruing on such investments and any profit realized therefrom shall be deposited in the Warrant Fund. Any losses resulting from liquidation of investments shall be charged to the Warrant Fund and shall be added to the next ensuing deposit specified herein. The Depository shall sell and reduce to cash a sufficient portion of such investments whenever the cash balance in the Warrant Fund is insufficient to pay the principal and interest requirements on the Warrants.

Section 13. Depository for the Warrant Fund.

(a) The Municipality does hereby designate and appoint The Bank of New York Mellon Trust Company, N.A. as the Depository for the Warrants.

(b) The Depository, by acceptance of its duties hereunder, shall have undertaken to perform only such duties as are specifically set forth in this Authorizing Ordinance and no implied covenants or obligations shall be read in this Authorizing Ordinance against the Depository. The Depository is not required to risk or expend its own funds in the performance of its duties hereunder.

(c) The Depository, by acceptance of its duties hereunder, shall be construed to have agreed thereby with the registered owners from time to time of the Warrants that it will make all remittances of principal of and interest on the Warrants from money supplied by the Municipality for such purpose in bankable funds at par and without discount or deduction for exchange; fees or expenses. The Municipality hereby covenants and agrees with the registered owners of the Warrants and with the Depository that it will pay all charges for exchange, fees or expenses which may be incurred by the Depository in the making of remittances in bankable funds at par.

(d) The Depository may resign and be discharged of all duties imposed upon it as Depository, Warrant Registrar and transfer agent by giving written notice of such resignation by certified or registered mail to the Municipality at least thirty (30) days prior to the date when such resignation shall take effect.

(e) If at any time the Depository shall resign or be or become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Depository or of its property shall be appointed or any public officer shall take charge or control of the Depository or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then the Municipality may remove the Depository and the Municipality shall promptly appoint a successor Depository.

(f) Any successor Depository shall be a bank or trust company authorized to act as Depository and Warrant Registrar and having, at the time of its acceptance of such appointment, combined capital and surplus of at least \$50,000,000.

(g) Every successor Depository appointed hereunder shall execute, acknowledge and deliver to the Municipality and to the retiring Depository an instrument accepting such appointment and thereupon the resignation or removal of the retiring Depository shall become effective and such successor Depository, without any further act, deed or conveyance, shall become vested with all the rights, powers, and duties of the retiring Depository.

(h) Any corporation into which the Depository may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Depository shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Depository, shall be the successor of the Depository hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Warrants shall have been authenticated, but not delivered, by the Depository then in office, any successor by merger or consolidation to such authenticating Depository may adopt such authentication and deliver the Warrants so authenticated with the same effect as if such successor Depository had itself authenticated such Warrants.

Section 14. Provision for Payment of Warrants; Termination of Pledge of Sales Tax.

(a) The Warrants shall be deemed fully paid for purposes of this ordinance if:

(i) The Municipality shall have filed with the Depository a fully executed copy of an irrevocable trust agreement between the Municipality and a banking institution with a designated office in the State of Alabama making provision for the retirement of the Warrants

by creating for that purpose a trust fund sufficient to provide for payment and retirement of the Warrants then outstanding (including payment of the interest that will mature thereon until and on the dates they are retired, as such interest becomes due and payable, and the premium, if any, required to be paid upon the redemption of the Warrants, if any, being redeemed), either by redemption prior to their respective maturities, by payment at their respective maturities, or by payment of part thereof at their respective maturities and redemption of the remainder prior to their respective maturities, which trust fund shall consist of (A) Government Obligations which are not subject to redemption prior to their respective maturities at the option of the Municipality and which, if the principal thereof and the interest thereon are paid at their respective maturities, will produce funds sufficient so to provide for payment and retirement of such Warrants, or (B) both cash and such Government Obligations which together will produce funds sufficient for such purpose, or (C) cash sufficient for such purpose; and

(ii) Such notice as is required hereunder for the redemption of those Warrants (if any) that, according to such trust agreement, are to be redeemed prior to their respective maturities has been given or provisions satisfactory to the Depository have been made for the giving of such notice.

(b) Any money on deposit in the Warrant Fund (to the extent that such money is not required for the payment of the principal of, premium, if any, and interest on the Warrants previously becoming due and payable, or is not otherwise unavailable for the following use) may at the direction of the Municipality be transferred to and constitute a part of the trust fund created pursuant to the aforesaid trust agreement providing for the retirement of the Warrants.

(c) When the Warrants shall have been paid in full, or shall be deemed paid within the meaning of this section, the pledge of the Sales Tax to the payment of the Warrants shall be terminated and released.

Section 15. Authorization of Parity Obligations; Subsequent Pledge of Sales Tax.

So long as the Municipality is not in default hereunder or under the Series 2014 Warrants Authorizing Ordinances and the Series 2015 Warrants Authorizing Ordinances, other bonds, warrants or obligations ("Parity Obligations") without limit as to aggregate principal amount, payable from and secured by a pledge of the Sales Tax equally and ratably with the Warrants and the Outstanding Parity Warrants, may at any time and from time to time be issued, sold and delivered by the Municipality for any lawful purpose, upon satisfaction of the Parity Ordinance and the following conditions:

(a) The governing body of the Municipality shall have adopted an ordinance or ordinances reciting that the Municipality is not at the time in default hereunder or under the Series 2014 Warrants Authorizing Ordinances and the Series 2015 Warrants Authorizing Ordinances and that no such defaults are imminent, authorizing the issuance, execution, sale and delivery of such Parity Obligations, and setting forth the date thereof, the date or dates of maturity, the rate or rates of interest, the dates of payment thereof, the maximum aggregate principal amount of such Parity Obligations, the redemption provisions, if any, the text of the form of the Parity Obligations, and a brief description of the facilities, if any, that will be constructed or acquired with the proceeds thereof or that have been financed by other obligations of, or assumed by, the Municipality being refunded by the Parity Obligations proposed to be issued. Any such ordinance or ordinances may contain any other or additional statements, materials, provisions, covenants and agreements which the governing body of the Municipality shall elect to include therein.

(b) An Independent Auditor (as defined in the Original Ordinance) shall have filed in the office of the City Clerk/Treasurer a certificate stating that the proceeds of the Sales Tax received by the Municipality during the fiscal year next preceding the fiscal year in which such Parity Obligations are proposed to be issued are not less than 125% of the maximum annual principal and interest that will mature during any then succeeding fiscal year with respect to the Warrants and the Outstanding Parity Warrants, any other Parity Obligations then outstanding, and the Parity Obligations then proposed to be issued. For purposes of this calculation, the principal amount of any Warrants and the Outstanding Parity Warrants subject to a mandatory redemption requirement during such fiscal year shall be considered as maturing in the year during which such redemption is required and not in the fiscal year in which their stated maturity occurs.

(c) There has been deposited with the Municipality the opinion of nationally recognized bond counsel that the Parity Obligations proposed to be issued, when issued, will be secured, by a valid pledge of the Sales Tax equally and ratably and on a parity of lien with the pledge of the Sales Tax for the benefit of the Warrants and the Outstanding Parity Warrants.

Except as provided above for the issuance of Parity Obligations, the Municipality covenants and agrees that the Sales Tax shall not hereafter be pledged by it to the payment of any other obligation or obligations of the Municipality unless such pledge or pledges are made subject to and subordinate in all respects to the pledge of the Sales Tax for the benefit of the Warrants and the Outstanding Parity Warrants.

Section 16. Expenses of Collection; Interest After Maturity.

The Municipality covenants and agrees that, if the principal of and interest on the Warrants are not paid promptly as such principal and interest matures and comes due, it will pay to the registered owners of the Warrants all expenses incident to the collection of any unpaid portion thereof, including a reasonable attorneys' fee. The Warrants shall bear interest at the rate of 2% per annum or the maximum rate of interest allowed by law, whichever is less, from and after the respective maturity or due dates thereof, if not then paid.

Section 17. Sale and Delivery of Warrants; Closing Papers.

(a) The Warrants are hereby sold to Joe Jolly & Co., Inc., upon the payment to the Municipality of the purchase price of \$3,553,580.45 (representing the principal amount of \$3,655,000.00 less an underwriting discount of \$54,825.00 and less an original issue discount of \$46,594.55).

(b) The Warrant Purchase Agreement dated February 13, 2018 with the aforesaid underwriter and its prior execution by the Mayor is hereby ratified, adopted, and approved.

(c) The City Council has determined that the sale of the Warrants to such purchaser on such terms is most advantageous to the Municipality. The Warrants shall be delivered to such purchaser upon the payment to the Municipality of the aforesaid purchase price. The Mayor and the City Clerk/Treasurer, or either of them, are hereby authorized and directed to effect such delivery and in connection therewith to deliver such closing papers, documents and contracts (including a Non-Arbitrage Certificate and United States Treasury Form 8038-G) containing such representations as are required to demonstrate: the legality and validity of the Warrants and the pledge of the Sales Tax thereto as herein provided; the exemption of interest on the Warrants from Federal and State of Alabama income taxation; and the absence of pending or threatened litigation with respect to any of such matters. The City Clerk/Treasurer shall give a receipt to the said purchaser for the purchase price

paid, and such receipt shall be full acquittal to the said purchaser and the said purchaser shall not be required to see to, or be responsible for, the application of the proceeds of the Warrants. Nevertheless, the proceeds of the Warrants shall be held in trust and applied solely for the purposes specified in this ordinance.

Section 18. Application of Proceeds.

The proceeds from the sale of the Warrants shall be applied as follows:

(a) \$53,580.45 shall be deposited in the Warrant Fund and applied to the payment of the issuance expenses set forth on Exhibit A attached hereto and incorporated herein, with any principal sums remaining after the payment of all issuance expenses to be wire-transferred to the Series 2018 Construction Fund described below and applied to the acquisition and construction of the Series 2018 Improvements.

(b) \$3,500,000.00 shall be deposited in a separate, segregated construction and applied to the Series 2018 Improvements.

Section 19. Covenant With Respect to Tax Exemption for Interest.

The Municipality hereby covenants and agrees with the registered owners from time to time of the Warrants that the proceeds of the Warrants shall not be used or applied by it, and the taxes or other revenues of the Municipality shall not be accumulated in the Warrant Fund in such a manner and no investment thereof shall be made, as to cause the Warrants to be or become "arbitrage bonds", as that term is defined in Section 148 of the Code.

With respect to the Code, the Municipality does hereby make the following representations and covenants:

(a) None of the proceeds of the Warrants will be applied for any "private business use" nor will any part of the proceeds of the Warrants be used (directly or indirectly) to make or finance loans to persons other than a governmental unit.

(b) The payment of the principal of and interest on the Warrants is not (i) secured in any way by any property used or to be used for a "private business use" or by payments in respect of such property or (ii) to be derived from payments (whether or not to the Municipality) in respect of property, or borrowed money, used or to be used for a "private business use."

(c) The Municipality hereby covenants and agrees with the registered owners of the Warrants that, to the extent permitted by law, it will not take any action, or omit to take any action with respect to the Warrants that would cause the interest on the Warrants not to be and remain excludable from gross income pursuant to the provisions of Section 103 of the Code.

(d) The Municipality will make no use of the proceeds of the Warrants that would cause the Warrants to be or become "arbitrage bonds" under Section 148 of the Code.

(e) The Municipality will comply with the requirements of Section 148(f) of the Code with respect to any required rebate to the United States.

(f) The Municipality will make no use of the proceeds of the Warrants that would cause the Warrants to be "federally guaranteed" under Section 149(b) of the Code and the payment of the

principal of and interest on the Warrants shall not be (directly or indirectly) "federally guaranteed" in whole or in part as described in said Section.

(g) The Municipality does designate the Series 2018 Warrants as "qualified tax-exempt obligations" for the purposes of paragraph (3) of subsection (b) of Section 265 of the Code. The Series 2018 Warrants are "bank-qualified." The Issuer and its subordinate entities, including but not limited to The Utilities Board of the City of Muscle Shoals, The Electric Board of the City of Muscle Shoals, The Airport Authority of the City of Muscle Shoals, The Commercial Development Authority of the City of Muscle Shoals, and the Muscle Shoals City Board of Education, will not issue in the aggregate more than \$10,000,000 of tax-exempt obligations of any kind during calendar year 2018.

The terms used in this Section in quotation marks shall have the definitions and meanings provided by the Code.

Section 20. Provisions of Ordinance a Contract.

The terms, provisions and conditions set forth in this ordinance constitute a contract between the Municipality and the registered owners of the Warrants and shall remain in effect until the principal of and interest on the Warrants shall have been paid in full, or until payment shall have been provided as set forth in Paragraph 14 hereof.

Section 21. Severability.

The provisions of this ordinance are severable. In the event that any one or more of such provisions or the provisions of the Warrants shall, for any reason, be held illegal or invalid, such illegality or invalidity shall not affect the other provisions of this ordinance or of the Warrants, and this ordinance and the Warrants shall be construed and enforced as if such illegal or invalid provision had not been contained herein or therein.

Section 22. Continuing Disclosure Undertaking.

The City agrees in accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "Commission"), pursuant to the Securities Exchange Act of 1934, to provide, or cause to be provided,

(1) to the Municipal Securities Rulemaking Board ("MSRB"), audited financial statements, within 180 days following the close of the preceding fiscal year, or if such information is unavailable within such time, within five business days of receipt by the City;

(2) the City's budget for the next fiscal year and, if audited financial information is not available, then unaudited financial information for the fiscal year ending on the preceding September 30, will be made available to the MSRB on or before March 31 in each calendar year; and

(3) within ten Business Days after the occurrence of a reportable event, to MSRB, notice of the occurrence of any of the following events with respect to the Warrants: (a) delinquency in payment when due of any principal of or interest on the Warrants; (b) occurrence of any event of default as defined in this ordinance other than as described in (a) next above; (c) unscheduled draws on any reserve fund reflecting financial difficulties; (d) substitution of credit or liquidity providers, or their failure to perform; (e) adverse tax opinions or events affecting the tax-exempt status of the Warrants; (f) unscheduled draws on any credit enhancements reflecting financial difficulties; (g) modification of the rights of holders of the Warrants; (h) calls for redemption, other than scheduled mandatory redemption, of any of the Warrants;

(i) defeasance of the Warrants or any portion thereof; (j) release, substitution or sale of property securing repayment of the Warrants; (k) any change in any rating on the Warrants; (l) bankruptcy, insolvency, receivership or similar events; (m) merger, consolidation, acquisition or sale of assets involving an Obligated Party; and (ii) appointment of a successor or additional trustee or the change of name of a trustee. The foregoing information, data, and notices can be obtained from:

Ricky Williams or successor as City Clerk/Treasurer
City of Muscle Shoals
City Hall
PO Box 2624
Muscle Shoals, Alabama 35562
Telephone: (256) 389-2120
Facsimile: (256) 386-9201
Email: mshoals@hiwaay.net

The City reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City; provided that, the City agrees that any such modification will be done in a manner consistent with the Rule.

The City reserves the right to terminate its obligation to provide financial information and notices of material events, as set forth above, if and when the City no longer remains an obligated person with respect to the Warrants within the meaning of the Rule.

The City agrees that its undertaking pursuant to the Rule set forth herein is intended to be for the benefit of the holders of the Warrants and shall be enforceable by the holders; provided that, the holders' rights to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the City's obligations hereunder and any failure by the City to comply with the provisions of this undertaking shall not be an event of default with respect to the Warrants and shall not subject the City to money damages in any amount, whether compensatory, penal or otherwise.

The City filed its 2013 unaudited statement on March 27, 2014 and its final 2013 audited statement on April 16, 2014. The City filed its 2014 unaudited statement on March 30, 2015, its final 2014 audited statement on May 27, 2015. The City filed its 2015 audited statement on March 25, 2016. The City filed its 2016 audited statement on March 28, 2017. Consequently, the City has not always been in compliance with its continuing disclosure obligations. Additionally, the City failed to post notice that the insurer of certain of its outstanding issues had been downgraded (through such information was publicly reported).

The motion for unanimous consent was seconded by Councilmember Sockwell and upon the question, the vote thereon was as follows:

Ayes: Allen Noles, Council President
Chris Hall
Neal Willis
Mike Lockhart
Ken Sockwell

Nays: None

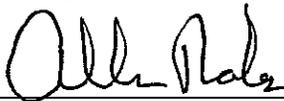
The Council President declared the motion carried and the rules suspended.

After said ordinance had been discussed and considered in full by the Council, Councilmember Hall then moved for the adoption of the Ordinance and to waive the reading of said ordinance at length. The motion was seconded by Councilmember Sockwell. The motion was regularly put, and upon roll call, the vote thereon was as follows:

Ayes: Allen Noles, Council President
Chris Hall
Neal Willis
Mike Lockhart
Ken Sockwell

Nays: None

The Council President thereupon declared said ordinance passed and adopted as introduced.

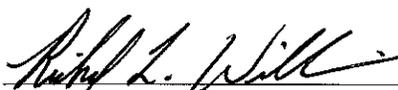


Allen Noles, Council President



CITY SEAL

Authenticated and Attested:



City Clerk/Treasurer

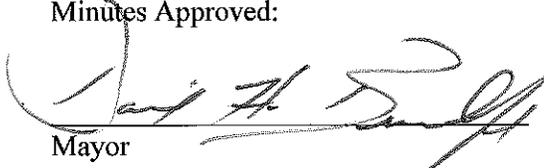
Duly Approved this 19th day of February, 2018.



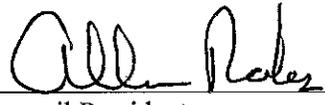
Mayor

There being no further business to come before the meeting, it was moved and seconded that the meeting be adjourned. Motion carried.

Minutes Approved:



Mayor



Council President

Member

Member

Member

Member

Attest:



City Clerk/Treasurer

CERTIFICATE OF CITY CLERK/TREASURER

I, Ricky Williams, do hereby certify that I am the duly elected, qualified and acting Clerk of the City of Muscle Shoals, Alabama (the "Municipality"). I do further certify that as Clerk of the Municipality I have access to all original records of the Municipality and I am duly authorized to make certified copies of its records on its behalf; the above and foregoing pages constitute a complete, verbatim and compared copy of excerpts from the minutes of a regular meeting of the City Council of the Municipality duly held on the 19th day of February, 2018, the original of which is on file and of record in the minute book of the City Council in my custody; the ordinance set forth in such excerpts is a complete, verbatim and compared copy of said ordinance as introduced and adopted by the City Council on such date; and said ordinance is in full force and effect and has not been repealed, amended or changed.

IN WITNESS WHEREOF, I have hereunto set my hand as Clerk of the Municipality and have affixed the official seal of the Municipality, this 19th day of February, 2018.



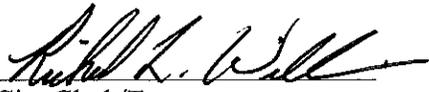

City Clerk/Treasurer

EXHIBIT A

Approved Issuance Expenses

The Depository is authorized and directed to begin paying the following approved issuance expenses on the Closing Date and to transfer any principal sums remaining after the payment of all issuance expenses into the Construction Fund described herein:

(1)	Bond Counsel Bradley Arant Boult Cummings LLP	\$23,500.00
(2)	Rating Agency Moody's	\$12,000.00
(3)	City Counsel Black & Hughston, P.C.	\$10,000.00
(4)	Depository BNY Mellon	\$1,500.00
(5)	MSRB and CUSIP Reimbursement to Joe Jolly & Co.	\$726.51
(6)	Printing Reimbursement to Bradley Arant Boult Cummings LLP	\$500.00
(7)	Continuing Disclosure Agent DAC	\$2,500.00
(8)	Miscellaneous out of pocket expenses of any of the above parties	<u>\$2,853.94</u>
	TOTAL	<u>\$53,580.45</u>

EXHIBIT B

Series 2018 Improvements

**2018 G. O. Warrants
Capital projects/equipment**

Miscellaneous	\$75,000
Renovations Cypress Lakes clubhouse	\$300,000
Amphitheater (City Hall grounds)	\$400,000
Firetruck	\$450,000
Fully automated garbage trucks (3)	\$675,000
Land purchase - firestation #4	\$100,000
Fire station construction	\$500,000
Sewer expansion project	<u>\$1,000,000</u>
Total	\$3,500,000