

## ORDINANCE NO. 1462 - 14

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### AN ORDINANCE AUTHORIZING THE ISSUANCE OF \$430,000 PRINCIPAL AMOUNT OF GENERAL OBLIGATION TAXABLE WARRANTS, SERIES 2014-D, DATED MAY 1, 2014

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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 principal 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.

"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.

"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, authorizing the initial issuance of the Municipality's General Obligation Warrants, Series 1984.

"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, the Series 2005 Warrants, the Series 2006 Warrants, the Series 2014-A Warrants and the Series 2014-B Warrants, with respect to the pledge of the Sales Tax, subject to the terms and conditions of the Parity Ordinance.

"Parity Ordinance" means the Original Ordinance, as amended and supplemented by the Series 2004 Warrants Authorizing Ordinance, Series 2005 Warrants Authorizing Ordinance, the Series 2006 Warrants Authorizing Ordinances, the Series 2014-A Warrants Authorizing Ordinance, the Series 2014-B Warrants Authorizing Ordinance, the Series 2014-C Warrants Authorizing Ordinance and this Authorizing Ordinance.

"Prior Series 2014 Warrants" means collectively the Series 2014-A Warrants and the Series 2014-B Warrants.

"Prior Series 2014 Warrants Authorizing Ordinances" means collectively the Series 2014-A Warrants Authorizing Ordinance and the Series 2014-B Warrants 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 privilege license 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 privilege license 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 2004 Warrants" means the Municipality's General Obligation Refunding Warrants, Series 2004, dated September 1, 2004, outstanding in the aggregate principal amount of \$9,410,000.

"Series 2004 Warrants Authorizing Ordinance" means the ordinance of the Municipality authorizing the Series 2004 Warrants.

"Series 2005 Warrants" means the Series 2005 Warrants maturing on August 1, 2014 in the principal amount of \$145,000 that will remain outstanding following the issuance of the Warrants.

"Series 2005 Warrants Authorizing Ordinance" means the ordinance of the Municipality authorizing the Series 2005 Warrants.

"Series 2006 Warrants" means collectively the Municipality's General Obligation Refunding Warrants, Series 2006, dated March 1, 2006, outstanding in the aggregate principal amount of \$5,640,000 and General Obligation Warrants, Series 2006, dated November 1, 2006, outstanding in the aggregate principal amount of \$2,935,000.

"Series 2006 Warrants Authorizing Ordinances" means collectively the respective ordinances of the Municipality authorizing the Series 2006 Warrants.

"Series 2014-A Warrants Authorizing Ordinance" means Ordinance No. 1454-13 adopted on December 16, 2013 authorizing the original issuance of the Series 2014-A Warrants.

"Series 2014-A Warrants" means the Municipality's outstanding \$1,960,000 General Obligation Refunding Warrants, Series 2014-A, dated January 1, 2014.

"Series 2014-B Warrants Authorizing Ordinance" means Ordinance No. 1455-13 adopted on December 16, 2013 authorizing the original issuance of the Series 2014-B Warrants.

"Series 2014-B Warrants" means the City's outstanding \$185,000 General Obligation Taxable Warrants, Series 2014-B, dated January 1, 2014.

"Series 2014-C Warrants Authorizing Ordinance" means Ordinance No. \_\_\_\_-14 adopted simultaneously herewith authorizing the issuance of the Series 2014-C Warrants.

"Series 2014-C Warrants" means the Municipality's \$9,660,000 principal amount of General Obligation Refunding Warrants, Series 2014-C, dated May 1, 2014, issued simultaneously herewith.

"Series 2014-D Warrants Authorizing Ordinance" means this ordinance authorizing the issuance of the Warrants herein described.

"Warrants" means the Municipality's \$430,000 General Obligation Taxable Warrants, Series 2014-D, dated May 1, 2014.

"Warrant Fund" means the Series 2014-D General Obligation Taxable 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) currently refunding and redeeming the Municipality's outstanding General Obligation Refunding Warrants, Series 2004, dated September 1, 2004 (the "Series 2004 Warrants") on August 1, 2014, (2) acquiring and constructing certain capital improvements within the Municipality, to consist of \_\_\_\_\_ (the "Series 2014-D Improvements") and (3) paying issuance expenses.

(b) The assessed valuation of the taxable property in the Municipality for the preceding fiscal year ending September 30, 2013 (including motor vehicles) is not less than \$179,407,660, and the total indebtedness of the Municipality (including the Warrants and the Series 2014-C 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.

© 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 Series 2004 Warrants being currently refunded, the Series 2005 Warrants, the Series 2006 Warrants, the Prior Series 2014 Warrants heretofore issued and the Series 2014-C Warrants issued simultaneously herewith.

(e) The Warrants will be payable from the Sales Tax on a parity of lien with the Municipality's outstanding Series 2005 Warrants, Series 2006 Warrants, Prior Series 2014 Warrants and Series 2014-C Warrants.

(f) The Municipality is not in default under any of the Series 2004 Warrants Authorizing Ordinance, the Series 2005 Warrants Authorizing Ordinance, the Series 2006 Warrants Authorizing Ordinances, the Prior Series 2014 Warrants Authorizing Ordinances or the Series 2014-C Warrants Authorizing Ordinance and no such defaults thereunder or under any other debt proceedings are imminent.

(g) Simultaneously herewith, the Municipality will adopt the Series 2014-C Warrants Authorizing Ordinance for the purpose of authorizing the issuance of the Series 2014-C Warrants, the proceeds of which will be used to (1) currently refund and redeem the remaining Series 2004 Warrants on August 1, 2014, (2) acquire and construct certain capital improvements within the Municipality, to consist of match of ALDOT grant project (the "Series 2014-D Improvements") and (3) pay issuance expenses.

**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 Taxable Warrants, Series 2014-D" in the maximum aggregate principal amount of \$430,000. The Warrants shall be dated May 1, 2014, 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 on August 1 in such year and principal amount as follows and shall bear interest at the following per annum rate:

<u>Year of Maturity</u>	<u>Principal Amount Maturing</u>	<u>Applicable Interest Rate</u>
2015	\$430,000	1.00%

(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, 2014. 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.

© Book-Entry System

(l) 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 Warrant holders 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. No Redemption of Warrants.**

The Warrants are not subject to optional or mandatory redemption prior to maturity.

**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 TAXABLE WARRANT  
SERIES 2014-D**

<u>Maturity</u>		
<u>Date</u>	<u>Interest Rate</u>	<u>CUSIP</u>

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, 2014. 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 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 Taxable Warrants, Series 2014-D, of the Municipality (the "Warrants") limited to an aggregate principal amount of \$430,000, 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 2005, dated November 1, 2005, maturing on August 1, 2014 in the principal amount of \$145,000 (the "Series 2005 Warrants"), (2) General Obligation Refunding Warrants, Series 2006, dated March 1, 2006, originally issued in the aggregate

principal amount of \$6,945,000 and now outstanding in the aggregate principal amount of \$5,640,000 and General Obligation Warrants, Series 2006, dated November 1, 2006, originally issued in the aggregate principal amount of \$3,055,000 and now outstanding in the aggregate principal amount of \$2,935,000 (collectively the "Series 2006 Warrants"), (3) General Obligation Refunding Warrants, Series 2014-A, dated January 1, 2014 (the "Series 2014-A Warrants"), originally issued in the aggregate principal amount of \$1,960,000, (4) General Obligation Taxable Warrants, Series 2014-B, dated January 1, 2014, originally issued in the aggregate principal amount of \$185,000 (the "Series 2014-B Warrants") and (5) General Obligation Refunding Warrants, Series 2014-C, dated May 1, 2014 (the "Series 2014-C Warrants") issued simultaneously herewith, to the payment of the principal of, premium, if any, and interest on the Warrants, a sufficient amount of the privilege license and excise taxes levied against persons, firms or corporations, engaged or continuing within the corporate limits of the Municipality 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 Municipality, and any privilege license taxes that may be levied by the Municipality in lieu of, in substitution for, or in continuation of said taxes (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 2005 Warrants, the Series 2006 Warrants, the Series 2014-A Warrants, the Series 2014-B Warrants and the Series 2014-C 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 2014-D General Obligation Taxable 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.

This Warrant is not subject to optional or mandatory redemption prior to maturity.

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 (15) days next preceding any February 1 or August 1. 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 May 1, 2014.

**CITY OF MUSCLE SHOALS, ALABAMA**

CITY SEAL

By \_\_\_\_\_  
Its Mayor

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 \_\_\_\_\_  
Its Authorized Officer

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 2014-D General Obligation Taxable 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 Warrant Fund the following amounts on or before the following dates:

(I) Immediately following the delivery of and payment for the Warrants, the amount received as accrued interest on the Warrants;

(ii) On or before July 25, 2014 and on or before the 25<sup>th</sup> day of each January and July thereafter, to and including July 25, 2015, an amount equal to the interest coming due on the next ensuing interest payment date;

(iii) On or before July 25, 2015, an amount equal to the principal coming due on the principal payment date of August 1, 2015.

(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.

© 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 Series 2005 Warrants, the Series 2006 Warrants, the Prior Series 2014 Warrants and the Series 2014-C 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 where under 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 Series 2005 Warrants, the Series 2006 Warrants, the Prior Series 2014 Warrants and the Series 2014-C 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, the Series 2005 Warrants, the Series 2006 Warrants, the Prior Series 2014 Warrants and the Series 2014-C 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, the Series 2005 Warrants, the Series 2006 Warrants, the Prior Series 2014 Warrants and the Series 2014-C Warrants.

#### **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.

© 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 © 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.

© 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 2004 Warrants Authorizing Ordinance, the Series 2005 Warrants Authorizing Ordinance, the Series 2006 Warrants Authorizing Ordinances, the Prior Series 2014 Warrants Authorizing Ordinances and the Series 2014-C Warrants Authorizing Ordinance, 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, the Series 2005 Warrants, the Series 2006 Warrants, the Prior Series 2014 Warrants and the Series 2014-C 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 2004 Warrants Authorizing Ordinance, the Series 2005 Warrants Authorizing Ordinance, the Series 2006 Warrants Authorizing Ordinances, the Series 2014 Warrants Authorizing Ordinances and the Series 2014-C Warrants Authorizing Ordinance, 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, the Series 2005 Warrants, the Series 2006 Warrants, the Prior Series 2014 Warrants and the Series 2014-C 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, Series 2005 Warrants, Series 2006 Warrants, Prior Series 2014 Warrants and Series 2014-C 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.

© 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, the Series 2005 Warrants, the Series 2006 Warrants, the Prior Series 2014 Warrants and the Series 2014-C 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, the Series 2005 Warrants, the Series 2006 Warrants, the Prior Series 2014 Warrants and the Series 2014-C 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 3% 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.**

The Warrants are hereby sold to Joe Jolly & Co., Inc., upon the payment to the Municipality of the purchase price of \$426,916.90 plus accrued interest to the date of delivery (representing the par amount of \$430,000 less an underwriting discount of \$5,375 plus an original issue premium of \$2,291.90). 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 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 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) The accrued interest of \$250.83 shall be deposited in the Warrant Fund and applied to the first interest payment on the Warrants due on August 1, 2014. The sum of \$824.17 shall be transferred from the Series 2004 Warrant Fund to the Series 2014-D Warrant Fund and applied, along with the aforementioned accrued interest of \$250.83, to the first interest payment on the Warrants due on August 1, 2014.

(b) \$23,250.17 shall be deposited in the Series 2004 Warrant Fund, along with the sum of \$8,917,354.08 deposited therein from a portion of the proceeds of the Series 2014-C Warrants and the sum of \$668,078.88 already on deposit therein, and applied in the combined amount of \$9,608,683.13 to the

current refunding and redemption of the Series 2004 Warrants on August 1, 2014.

© \$403,666.73 shall be deposited in a separate, segregated construction fund held by First Metro Bank, Muscle Shoals, Alabama, and applied to the acquisition and construction of the Series 2014-D Improvements.

**Section 19. Current Refunding and Redemption of a Portion of the Series 2005 Warrants.**

The Series 2004 Warrants are hereby called for redemption on August 1, 2014 at a redemption price equal to 100% of the principal amount of each warrant to be redeemed plus accrued interest on such warrant to the date fixed for redemption, without premium or penalty. The Mayor and City Clerk-Treasurer are authorized to take all further action necessary to effect the redemption of the Series 2004 Warrants. The Depository is hereby authorized and directed to disseminate a Notice of Redemption in substantially the following form:

**NOTICE OF REDEMPTION**

NOTICE IS HEREBY GIVEN that the General Obligation Refunding Warrants, Series 2004, dated September 1, 2004, of the City of Muscle Shoals, numbered \_\_\_\_ through \_\_\_\_, inclusive, have been called for redemption on August 1, 2014 and will become due and payable on such date at a redemption price equal to 100% of the principal amount thereof to be redeemed, plus accrued interest to the date fixed for redemption, without premium or penalty. All such warrants should be surrendered at the designated office of The Bank of New York Mellon Trust Company, N.A. and no such warrants will be paid until so surrendered. All interest on such warrants so called for redemption will cease to accrue on August 1, 2014 whether or not the warrants are presented for payment.

**CITY OF MUSCLE SHOALS**

By THE BANK OF NEW YORK  
MELLON TRUST COMPANY, N.A.  
Its duly authorized agent

The Municipality hereby agrees it will not alter, amend, repeal or revoke this Authorizing Ordinance calling the Series 2004 Warrants for redemption as provided herein except for manifest error.

**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.**

In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, the Municipality agrees to provide, or cause to be provided,

(I) Audited financial information within 180 days following the close of the preceding fiscal year, or, if such information is unavailable within said time, within five Business Days of receipt by the Municipality.

(ii) the Municipality's budget for the next fiscal year, and unaudited financial statements 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.

(iii) within ten Business Days after the occurrence of a reportable event, notice of the occurrence of any of the following events with respect to the Warrants: (a) principal and interest payments delinquencies, (b) non-payment related defaults, © unscheduled draws on debt service reserves reflecting financial difficulties, (d) unscheduled draws on credit enhancements reflecting financial difficulties, (e) substitution of credit or liquidity providers or their failure to perform, (f) adverse tax opinions, (g) modifications to rights of holders of the Warrants, (h) calls for redemption, (I) defeasances, (j) release, substitution or sale of property securing repayment of the securities, (k) rating changes, if any are then in effect, (l) bankruptcy, insolvency, receivership or similar events, (m) merger, consolidation, acquisition or sale of assets involving an obligated party, and (n) appointment of a successor or additional depository or the change of name of a depository.

(iv) in a timely manner, notice of any failure by the Municipality to provide the required annual financial information on or before the date specified in its written continuing disclosure undertaking.

The Municipality 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 Municipality; provided that, the Municipality agrees that any such modification will be done in a manner consistent with the Rule. The Municipality reserves the right to terminate its obligation to provide the annual operating information and financial information and notices of material events, as set forth above, if and when the Municipality no longer remains an obligated person with respect to the Warrants within the meaning of the Rule. The Municipality acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the registered owners 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 Municipality's obligations hereunder and any failure by the Municipality 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 Municipality to money damages in any amount, whether compensatory, penal or otherwise. The name, address and telephone number of the initial contact person at the Municipality are as follows:

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

Effective July 1, 2009, The Securities and Exchange Commission (SEC) made two procedural changes to the way in which these annual reports and event notices are filed. They are as follows: (1) the Municipal Securities Rulemaking Board (MSRB) must receive all continuing disclosure filings, and (2) continuing disclosure filings must also be submitted in electronic pdf format to the Electronic Municipal Market Asset (EMMA) system. Rule 15c2-12 was amended by Release No. 34-62184 dated May 26, 2010 and MSRB Notice 2010-32 approved by the SEC on August 19, 2010. The Municipality will comply with these changes and further agrees to comply with all future SEC regulations, several of which are presently under consideration, which may affect the Municipality's continuing obligations hereunder.

**Section 23. Approval of Preliminary Official Statement and Final Official Statement.**

The Preliminary Official Statement and the final Official Statement (collectively, the "Official Statements"), with respect to the Warrants, in substantially the form and of substantially the content as the forms of Official Statements presented to and considered at this meeting, are hereby approved and adopted.

The City Council does hereby find and determine that the Official Statements are correct and do not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

The Mayor of the Municipality is hereby authorized to execute and deliver the final Official Statement for and on behalf of and in the name of the Municipality, with such changes or additions thereto or deletions therefrom as he may deem necessary or desirable in order to state fully and correctly the pertinent facts concerning the Municipality and the Warrants offered thereby.

The distribution of the Preliminary Official Statement to prospective purchasers of the Warrants is hereby ratified and confirmed.

**Section 24. Repeal of Conflicting Provisions.**

All ordinances, resolutions and orders or parts thereof in conflict with this ordinance are to the extent of such conflict, hereby repealed.