

**MINUTES FROM A REGULAR MEETING OF THE
COUNCIL OF MUSCLE SHOALS, ALABAMA, HELD
December 16, 2013**

The City Council of Muscle Shoals, Alabama met at the Muscle Shoals City Hall Auditorium in said City at 6:15 p.m. on the 16th day of December, 2013 being the scheduled time and approved place for said meeting. The meeting was called to order by James Holland, President of the Council. The invocation was given by Bill Howard. On roll call the following members were found to be present or absent, as indicated:

PRESENT: JOE PAMPINTO, NEAL WILLIS, MIKE LOCKHART
JAMES HOLLAND, ALLEN NOLES
ABSENT: NONE

James Holland, President of the Council, presided at the meeting and declared that a quorum was present and that the meeting was convened and opened for the purposes of transaction of business. Richard Williams, City Clerk, was present and kept the minutes of the meeting.

Upon motion duly made by Council Member Pampinto seconded by Council Member Lockhart and unanimously adopted, the Council waived the reading of the minutes of the previously held regular meeting and work session of December 2, 2013 meeting and approved the minutes as written.

President Holland announced that the next item of business was approval of a job description for the Golf Course Groundskeeper position.

Council Member Lockhart moved that the job description be approved as presented. Council Member Noles seconded the motion and upon said motion being put to a vote all voted "AYE" and "NAYS" were none.

President Holland announced that the job description had been approved.

President Holland announced that the next item of business was the scheduling of a public hearing to consider the issuance of a Retail Table Wine license (off premises only) to JMBL Inc. dba Foodland 102, located at 3413 Woodward Avenue.

President Holland announced that at a public hearing to be held at the City Hall in said City at 6:00 pm on the 6th day of January, 2014, the Council will consider the issuance of the Retail Table Wine license (off premises only). At said time and place, all persons who desire to do so shall have the opportunity of being heard in opposition to or in favor of the approval of such license.

President Holland announced that the next item of business was a public hearing to consider the vacation of portions of Florence Avenue between Harding Street and Firestone Street.

President Holland noted that proper notice of the date, time and place of said hearing had been given and the matter was before the Council.

President Holland stated that the Council would hear from those persons in support of the vacation as well as those opposed. Mr. Leslie Johnson spoke on behalf of the project.

There being no one else wishing to speak, President Holland stated that approval of the vacation was before the Council. Council Member Willis introduced the following resolution and moved for its adoption:

STATE OF ALABAMA
COLBERT COUNTY

RESOLUTION NUMBER 2667-13

WHEREAS, the City Council of Muscle Shoals, Alabama has proposed the vacation of the below described portion of the below described street;

WHEREAS, the City Council of Muscle Shoals, Alabama has held a properly noticed public hearing regarding the vacation of the below described portion of the below described street and determined that it is in the interest of the public that the same be vacated;

WHEREAS, the City Council of Muscle Shoals, Alabama does hereby find that the below described portion of the below described street is not currently, nor at any other time has been, an open and functioning public street and further that the City of Muscle Shoals, Alabama has no plans to use the below described portion of the below described street as such in the ascertainable future;

WHEREAS, the City Council of Muscle Shoals, Alabama does hereby find that the owners of the abutting lots or parcels of land to the below described portion of the below described street are as follows: (i) Arbor Village, LLC and (ii) Dean Vinson, and (iii) Irby Development Company and that said owners of the abutting lots or parcels of land to the below described portion of the below described street will not be cut off from access thereby over some other reasonable and convenient way;

WHEREAS, the City Council of Muscle Shoals, Alabama does hereby find that reasonable means of ingress and egress to and from other property located within the city is afforded to all other property owners and further the vacation of the street(s) described hereinafter will not deprive any property owners of a convenient and reasonable means of ingress and egress to and from their property.

NOW, THEREFORE, BE IT RESOLVED by the City Council of Muscle Shoals,

Alabama that the below described portion of the below described street is hereby vacated, with said street being described to wit:

All that portion of Florence Avenue, as shown on the plat of Barry's Business Center, Block C, according to the plat thereof as recorded in the Office of the Judge of Probate of Colbert County, Alabama in Plat Book 2, Page 473 (Cabinet A, Slide 73), lying Eastwardly of Harding Avenue and Westwardly of Firestone.

BE IT FURTHER RESOLVED that the City Council of Muscle Shoals, Alabama does hereby authorize and direct the Mayor of the City, David H. Bradford, for and on behalf of the City of Muscle Shoals, Alabama, to execute any and all instruments and related documents necessary to complete the vacation of the above described portions of the above described street(s) and to cause the same to be filed for record in the office of the Judge of Probate of Colbert County, Alabama, and further authorizes and directs the Clerk of the City, Ricky Williams, for and on behalf of the City of Muscle Shoals, Alabama, to cause notice of the action of the City Council in vacating the above described portion of the above described street to be published once in a newspaper in Colbert County within fourteen (14) days of the adoption of this

Council Member Noles seconded the motion and and upon said motion being put to a vote the following vote was recorded:

AYES: Council Member Pampinto, Council Member Willis, Council Member Lockhart
Council Member Holland, Council Member Noles

NAYS: None.

President Holland announced that the resolution had been approved.

President Holland announced that the next item of business was consideration of the 2013-2014 General Fund Budget.

Council Member Noles introduced the following budget and moved for immediate consideration:

**CITY OF MUSCLE SHOALS, ALABAMA
October 1, 2013 - September 30, 2014
GENERAL FUND BUDGET**

	2013-2014 BUDGET
ANTICIPATED REVENUES	\$19,480,152.00
PROJECTED EXPENDITURES	\$19,479,596.00
REVENUES OVER EXPENDITURES	<hr/> \$556.00 =====

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**CITY OF MUSCLE SHOALS, ALABAMA
2013-2014 GENERAL FUND BUDGET
REVENUES**

		2013-2014
LOCAL TAXES	CODE NO.	BUDGET
Ad Valorem Taxes	40010	\$780,000.00
Ad Valorem-Personal Property	40011	\$192,000.00
Sales & Use Tax (Note 1)	40020	\$10,985,000.00
Alc. Beverage Tax	40060	\$205,000.00
Rental Tax-Personal Prop.	40061	\$149,000.00
Lodging Tax	40070	\$55,000.00
Tax Equivalent (Electric Bd)	40080	\$798,000.00
Gasoline Tax (Local)	40100	\$552,000.00
Tobacco Tax	40110	\$145,000.00

Total Taxes		\$13,861,000.00
 LICENSE AND PERMITS		
Business License (City)	42010	\$1,121,000.00
Building Permits	42510	\$81,500.00

Total License & Permit		\$1,202,500.00
 RECREATION REVENUES		
Splashpad Concessions	43273	\$9,000.00
Batting Cage Revenue	43274	\$6,000.00
Football	43275	\$11,000.00
Flag Football	43276	\$6,000.00
Airport Concessions	43277	\$10,000.00
Webster Concessions	43278	\$25,000.00
Karate	43279	\$8,000.00
Gattman Concessions	43283	\$40,000.00
Youth Basketball	43284	\$15,000.00
Youth Soccer	43285	\$4,000.00
Youth Baseball	43286	\$15,000.00
Girls Softball	43287	\$7,500.00
Special Events	43291	\$15,000.00
Adult Softball	43292	\$1,500.00
Volleyball	43293	\$1,000.00
Facilities Rental	43294	\$20,000.00
Vending & Games	43295	\$1,500.00
Miscellaneous Revenue	43296	\$5,000.00
Sportsplex Concessions	43298	\$35,000.00
Tournament Revenues	43299	\$50,000.00

Total Recreation Revenues		\$285,500.00

Note 1: Includes Funds to be transferred to 1/2 Cent Capital Project Fund

CYPRESS LAKES GOLF & TENNIS REVENUES

CODE NO.

Dues	43301	\$360,000.00
19th Hole Concessions	43305	\$85,000.00
Tennis Lessons	43306	\$1,600.00
Golf Lessons	43307	\$15,000.00
Room Rentals	43308	\$35,000.00
Miscellaneous	43310	\$2,900.00
Range Tokens	43311	\$20,000.00
Cart Rentals	43312	\$185,500.00
Green Fees	43313	\$265,000.00
Merchandise Sales	43314	\$85,000.00
Golf Club Rental	43315	\$800.00
Rent Payments	43317	\$14,400.00
Tennis Guest Fees	43318	\$1,500.00
Pool Receipts	43319	\$30,000.00
Tennis Passes	43320	\$16,000.00
Pool Concessions	43321	\$4,500.00
Tips - 19th hole	43322	\$1,200.00

Total Cypress Lakes Revenue

\$1,123,400.00

MISCELLANEOUS REVENUES

Interest Earnings	45010	\$21,000.00
Lease Payment (Zaxby's)	45012	\$19,065.00
Insurance Refund	45013	\$6,753.00
Installment payment (SAS)	45018	\$15,000.00
Sale of Dirt	45020	\$16,000.00
Sale of St. Materials	45130	\$15,000.00
Sale of City Equipment	45140	\$12,400.00
North Alabama Gas District	45800	\$313,000.00
Muscle Shoals Utilities Board	45850	\$80,000.00
Miscellaneous Revenue	45900	\$3,500.00
Christmas Parade	45960	\$5,000.00

Total Miscellaneous Revenue

\$506,718.00

FEDERAL REVENUES

Bulletproof Vest Grant	46200	\$2,000.00
TVA in Lieu of Tax	46400	\$843,000.00
NACOLG Traffic Grant	48174	\$1,000.00

Total Federal Revenue

\$846,000.00

CHARGES FOR SERVICE

Street Cutting	47050	\$5,000.00
Gas Inspection Fees	47060	\$3,000.00
Electric Inspection Fees	47070	\$12,000.00
Plumbing Inspection Fees	47080	\$6,000.00
Flood Hazard Improvement Fees	47081	\$500.00
Stormwater Permits	47085	\$300.00
Photo Copy Service	47090	\$3,000.00
Fire protection	47100	\$16,000.00
Garbage Fees	47110	\$1,010,000.00
Fire Training Center	47120	\$40,000.00
Radio Operator Service	47250	\$3,600.00

Total Charges For Service

\$1,099,400.00

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STATE REVENUES	CODE NO.	2013-2014 BUDGET
State Auto License	48130	\$7,500.00
ABC Board	48140	\$45,000.00
Financial Institution Taxes	48150	\$164,000.00
Total State Revenues		<hr/> \$216,500.00
LIBRARY REVENUES		
State Aid	49100	\$13,835.00
Alabama Public Library Grant	49200	\$2,000.00
County Appropriation	49300	\$3,060.00
Fines	49400	\$17,500.00
Miscellaneous	49500	\$10,500.00
Total Library Revenues		<hr/> \$46,895.00
INTERGOVERNMENTAL TRANSFER		
Transfer from Municipal Court Fund	55355	\$275,000.00
Transfer from Area Agency	55360	\$7,864.00
Transfer from Shoals Solid Waste Authority	55364	\$9,375.00
Total Intergovernmental Transfers		<hr/> \$292,239.00
GRAND TOTAL REVENUES		<hr/> \$19,480,152.00 =====

**2013-2014 FISCAL YEAR BUDGET
EXPENDITURES AND TRANSFERS**

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FUNCTION	OBJECT	2013-2014
	NUMBER	BUDGET
MAYOR & CITY COUNCIL (60020)		
Salaries - Regular	101	\$108,776.00
Retirement	105	\$8,067.00
Employee's Insurance	106	\$9,520.00
Workman's Compensation	107	\$215.00
Consultant Services	115	\$22,110.00
Gas & Oil	122	\$3,200.00
Miscellaneous	129	\$1,200.00
Vehicle Repair	144	\$800.00
Advertising	163	\$24,000.00
Travel	170	\$32,000.00
Meals	175	\$500.00
Insurance - General	180	\$22,437.00
Dues	207	\$16,068.00
Special Events	245	\$3,000.00

	Account Total	\$251,893.00
CITY CLERK (60030)		
Salaries - Regular	101	\$467,084.00
Retirement	105	\$56,426.00
Employee's Insurance	106	\$106,777.00
Workman's Compensation	107	\$3,582.00
Vacation Sold	110	\$22,000.00
Auditing Services	112	\$32,500.00
Consultant Services	115	\$35,000.00
Janitorial	116	\$5,000.00
Data Processing	119	\$34,850.00
Office Supplies	121	\$2,900.00
Gas & Oil	122	\$4,300.00
Tobacco Stamps	126	\$12,800.00
Miscellaneous	129	\$3,800.00
Buildings & Grounds	141	\$29,000.00
Vehicle Repair	144	\$2,100.00
Postage	162	\$10,000.00
Advertising	163	\$500.00
Recording Fees	165	\$200.00
Travel	170	\$9,000.00
Drug/Alcohol Testing	173	\$2,000.00
Meals	175	\$500.00
Employee Education & Training	176	\$4,000.00
Insurance - General	180	\$7,652.00
Photo Copy Expense	204	\$4,000.00
Printing, Books, Subscriptions	205	\$7,400.00
Dues	207	\$2,300.00
Trustee Fees	415	\$7,600.00

	Account Total	\$873,271.00
CIVIL SERVICE BOARD (60035)		
Salaries	101	\$12,000.00
Meals	175	\$500.00

	Account Total	\$12,500.00

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FUNCTION	OBJECT NUMBER	2013-2014 BUDGET
LEGAL SERVICES (60200)		
Salaries-City Attorney	098	\$6,000.00
Legal Services	111	\$50,000.00
Account Total		\$56,000.00
CITY BUILDINGS (60500)		
Workman's Compensation	107	\$4,800.00
Lawn Maintenance	132	\$19,200.00
Buildings & Grounds	141	\$13,500.00
Utilities	152	\$165,000.00
Early Warning System	153	\$5,000.00
Insurance - General	180	\$36,308.00
Account Total		\$243,808.00
COMMUNICATIONS (60550)		
Paging Services	160	\$8,000.00
Telephone	161	\$52,000.00
Radio	164	\$27,740.00
Account Total		\$87,740.00
PAYROLL TAX EXPENSE (60600)		
FICA	104	\$554,770.00
Unemployment Compensation	108	\$5,000.00
Account Total		\$559,770.00
POLICE DEPARTMENT (61010)		
Holiday Pay	099	\$62,939.00
Salaries	101	\$1,719,266.00
Overtime	102	\$104,000.00
Retirement	105	\$212,055.00
Employee's Insurance	106	\$462,450.00
Workman's Compensation	107	\$55,795.00
Vacation Sold	110	\$57,000.00
Janitorial	116	\$20,000.00
Data Processing	119	\$70,000.00
Office Supplies	121	\$10,000.00
Gas & Oil	122	\$115,000.00
Miscellaneous	129	\$13,000.00
Canine Expense	137	\$6,000.00
DARE Program	139	\$5,000.00
Jail Expense	140	\$13,500.00
Buildings & Grounds	141	\$32,600.00
Vehicle Repair	144	\$59,500.00
Public Safety Equipment	166	\$55,268.00
Travel	170	\$30,000.00
Meals	175	\$300.00
Employee Education & Training	176	\$21,500.00
Insurance - General	180	\$51,137.00
Uniforms	203	\$50,000.00
Photo Copy Expense	204	\$5,000.00
Printing, Books, Subscriptions	205	\$5,000.00
Film & Developing	206	\$1,000.00
Dues	207	\$1,000.00
Informer Information	215	\$500.00
Care of Prisoners	216	\$6,500.00
Police Tactical Team	219	\$28,000.00
Training Facility	220	\$5,000.00
Colbert Drug Task Force	240	\$10,000.00
Salary/Benefit Reimbursement (Bd. of Educ.)	263	(\$59,981.00)
Account Total		\$3,228,329.00

MUNICIPAL COURT	FUNCTION (61012)	OBJECT NUMBER	2013-2014 BUDGET
Salaries		101	\$79,669.00
Retirement		105	\$9,624.00
Employee's Insurance		106	\$29,334.00
Workman's Compensation		107	\$163.00
Vacation Sold		110	\$2,600.00
Municipal Judge		118	\$12,235.00
Data Processing		119	\$5,800.00
Office Supplies		121	\$4,000.00
Miscellaneous		129	\$500.00
Municipal Prosecutor		142	\$7,600.00
Printing, Books, Subscriptions		205	\$2,600.00
Dues		207	\$300.00
Account Total			\$154,425.00

FIRE DEPARTMENT	(61020)		
Holiday Pay		099	\$54,924.00
Salaries		101	\$1,253,932.00
Overtime		102	\$76,900.00
Retirement		105	\$163,468.00
Employee's Insurance		106	\$315,126.00
Workman's Compensation		107	\$52,297.00
Vacation Sold		110	\$38,000.00
Janitorial		116	\$3,500.00
Data Processing		119	\$20,000.00
Chemicals		120	\$2,500.00
Office Supplies		121	\$1,000.00
Gas & Oil		122	\$33,000.00
Medical Supplies		125	\$2,000.00
Small Tools		127	\$2,500.00
Miscellaneous		129	\$6,000.00
Fire Prevention		138	\$2,000.00
Buildings & Grounds		141	\$12,500.00
Vehicle Repair		144	\$25,000.00
Equipment Repair		146	\$6,000.00
Public Safety Equipment		166	\$10,000.00
Travel		170	\$6,500.00
Employee Education & Training		176	\$8,000.00
Insurance - General		180	\$26,839.00
Uniforms		203	\$23,000.00
Printing, Books, Subscriptions		205	\$3,000.00
Dues		207	\$1,800.00
Training Center		220	\$25,000.00
Account Total			\$2,174,786.00

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	FUNCTION (62020)	OBJECT NUMBER	2013-2014 BUDGET
STREET DEPARTMENT			
Salaries		101	\$667,080.00
Overtime		102	\$5,000.00
Retirement		105	\$80,582.00
Employee's Insurance		106	\$203,533.00
Workman's Compensation		107	\$41,707.00
Vacation Sold		110	\$20,000.00
Data Processing		119	\$4,500.00
Chemicals		120	\$7,000.00
Office Supplies		121	\$200.00
Gas & Oil		122	\$70,000.00
Road Building		123	\$20,000.00
Street Materials Sold		124	\$15,000.00
Medical Supplies		125	\$200.00
Small Tools		127	\$14,660.00
Street Signs		128	\$19,000.00
Miscellaneous		129	\$2,000.00
Safety Supplies		130	\$8,000.00
Buildings & Grounds		141	\$13,740.00
Vehicle Repair		144	\$20,000.00
Tire Repair		145	\$10,000.00
Machinery Repair		146	\$12,000.00
Storm Drainage		149	\$20,000.00
Travel		170	\$1,000.00
Meals		175	\$750.00
Employee Education & Training		176	\$1,250.00
Insurance - General		180	\$34,300.00
Uniforms		203	\$5,000.00
Photo Copy Expense		204	\$250.00
Tree Services		209	\$2,000.00
Pedestrian Overpass		210	\$5,200.00
Sidewalk Repair		211	\$2,000.00
		Account Total	\$1,305,952.00
CITY ENGINEER (62030)			
Engineering Services		114	\$175,000.00
		Account Total	\$175,000.00
STORM DRAINAGE (62040)			
Salaries		101	\$210,101.00
Overtime		102	\$3,500.00
Retirement		105	\$17,300.00
Employee's Insurance		106	\$29,679.00
Worker's Compensation		107	\$4,550.00
Vacation Sold		110	\$5,400.00
Janitorial		116	\$1,650.00
Data Processing		119	\$1,000.00
Chemicals		120	\$32,000.00
Gas & Oil		122	\$21,500.00
Small Tools		127	\$1,000.00
Miscellaneous		129	\$1,800.00
Vehicle Repair		144	\$4,500.00
Tire Repair		145	\$4,000.00
Machinery & Equipment Repair		146	\$13,000.00
Retention Ponds		148	\$30,000.00
Utilities		152	\$35,850.00
Program/Review Fees		157	\$900.00
Travel		170	\$2,000.00
Meals		175	\$200.00
Employee Education & Training		176	\$850.00
Insurance - General		180	\$5,572.00
Uniforms		203	\$1,650.00
		Account Total	\$428,002.00

STREET LIGHTING	FUNCTION (62050)	OBJECT NUMBER	2013-2014 BUDGET
Utilities		152	\$390,000.00
Account Total			\$390,000.00

SANITATION DEPARTMENT (63020)

Salaries	101	\$777,087.00
Overtime	102	\$5,000.00
Retirement	105	\$91,344.00
Employee's Insurance	106	\$230,424.00
Workman's Compensation	107	\$50,348.00
Vacation Sold	110	\$25,000.00
Landfill Services	117	\$203,000.00
Chemicals	120	\$7,000.00
Office Supplies	121	\$200.00
Gas & Oil	122	\$60,000.00
Medical Supplies	125	\$200.00
Small Tools	127	\$1,000.00
Miscellaneous	129	\$1,000.00
Safety Equipment	130	\$4,500.00
Vehicle Repair	144	\$15,000.00
Tire Repair	145	\$10,000.00
Machinery Repair	146	\$12,000.00
Travel	170	\$1,000.00
Employee Education & Training	176	\$1,250.00
Insurance - General	180	\$22,865.00
Uniforms	203	\$6,225.00
Photo Copy Expense	204	\$250.00
Printing, Books, Subscriptions	205	\$1,800.00
Dues	207	\$225.00
Account Total		<hr/> \$1,526,718.00

CONTRACTURAL OBLIGATIONS (65000)

Colbert Co. Animal Control	231	\$81,056.00
Colbert Co. Emergency Management	237	\$11,832.00
M.S. Airport Authority	238	\$9,375.00
Incentive Rebate	239	\$19,215.00
Hazardous Material Team	257	\$2,500.00
Account Total		\$123,978.00

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FUNCTION (65010)	OBJECT NUMBER	2013-2014 BUDGET
APPROPRIATIONS		
Riverbend Mental Health*	230	\$7,000.00
Colbert County Health Dept.*	232	\$5,000.00
Easter Seals Rehabilitation Center*	233	\$7,000.00
Safeplace Inc.*	242	\$2,000.00
Colbert-Lauderdale Attention Home*	243	\$1,000.00
Meals On Wheels*	255	\$2,000.00
Hope Haven School-Dept. of MHMR*	256	\$2,500.00
Colbert County Tourism Board*	258	\$23,333.00
Rape Response*	267	\$1,500.00
I.M. Alliance* (M. L. King Scholarship & Drug Program	285	\$2,000.00
Shoals Area C.O.A.R.M.M.*	287	\$1,500.00
Shoals Chamber of Commerce	290	\$550.00
Cerebral Palsy Center*	291	\$1,500.00
NACOLG Transit Program*	296	\$1,500.00
SenioRx Program (NACOLG)*	298	\$1,500.00
Mainstream Development Corporation*	306	\$1,000.00
Scope 310 Authority-Dept. of MHMR*	307	\$1,000.00
Community Action*	308	\$1,000.00
Shoals Entrepreneurial Center*	316	\$5,000.00
Crimestoppers*	318	\$500.00
Cramer Children's Center*	322	\$1,000.00
Alabama Silver-Haired Legislature	324	\$500.00
Colbert County DHR	325	\$1,000.00
University of North Alabama	326	\$5,000.00
Disabled American Veterans		\$1,000.00
Salvation Army		\$1,000.00
CASA		\$1,000.00

*Agencies required to complete appropriations contract

Account Total

\$78,883.00

RECREATION DEPARTMENT:**ADMINISTRATIVE DIVISION (66020)**

Salaries - Part Time	100	\$204,544.00
Salaries - Regular	101	\$447,310.00
Overtime	102	\$2,000.00
Retirement	105	\$59,200.00
Employee's Insurance	106	\$114,887.00
Workman's Compensation	107	\$12,986.00
Vacation Sold	110	\$17,500.00
Janitorial	116	\$4,000.00
Data Processing	119	\$5,000.00
Office Supplies	121	\$2,000.00
Medical Supplies	125	\$250.00
Miscellaneous	129	\$1,000.00
Buildings & Grounds	141	\$20,000.00
Machine & Equipment Repair	146	\$1,500.00
Utilities	152	\$100,000.00
Advertising	163	\$1,000.00
Travel	170	\$2,500.00
Meals	175	\$750.00
Employee Education & Training	176	\$1,000.00
Insurance - General	180	\$13,197.00
Photo Copy Expense	204	\$500.00
Printing, Books, Subscriptions	205	\$250.00
Dues	207	\$1,250.00
Transaction Fees	212	\$2,000.00
Special Events	245	\$15,000.00
Vending Machines & Concessions	246	\$1,500.00

Account Total

\$1,031,124.00

FUNCTION	OBJECT	2013-2014
MAINTENANCE & GROUNDS (66021)	NUMBER	BUDGET
Chemicals	120	\$6,000.00
Gas & Oil	122	\$30,000.00
Medical Supplies	125	\$250.00
Small Tools	127	\$1,500.00
Building and Grounds	141	\$22,000.00
Vehicle Repair	144	\$10,000.00
Machine & Equipment Repair	146	\$9,000.00
Uniforms	203	\$4,000.00
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Account Total		\$82,750.00
 ATHLETIC DIVISION (66023)		
Building and Grounds	141	\$80,000.00
Batting Cages	221	\$2,000.00
Splashpad Concessions	222	\$5,000.00
Football	223	\$14,000.00
Football Referees	224	\$2,500.00
Splashpad Expenses	225	\$5,000.00
Special Events	245	\$20,000.00
Youth Baseball Supplies	248	\$20,000.00
Baseball Umpires	249	\$25,000.00
Youth Basketball Supplies	250	\$7,000.00
Basketball Officials	270	\$12,000.00
Youth Soccer Supplies	271	\$3,500.00
Soccer Officials	272	\$2,000.00
Girls Softball Supplies	273	\$7,500.00
Adult Softball	274	\$500.00
Softball Umpires	275	\$5,000.00
Volleyball	276	\$1,000.00
Gattman Concessions	279	\$30,000.00
Sportsplex Concessions	283	\$25,000.00
Softball Tournament Expenses	284	\$35,000.00
Karate	292	\$7,000.00
Webster Concessions	293	\$20,000.00
Airport Concessions	294	\$10,000.00
Flag Football Supplies	313	\$7,500.00
Flag Football Officials	314	\$5,000.00
		<hr/>
Account Total		\$351,500.00
		<hr/>
Total Recreation Expenditures		\$1,465,374.00

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	FUNCTION (66026)	OBJECT NUMBER	2013-2014 BUDGET
GOLF COURSE OPERATIONS			
Salaries-Parttime		100	\$127,308.00
Salaries		101	\$118,467.00
Retirement		105	\$14,311.00
Employee's Insurance		106	\$77,494.00
Worker's Compensation		107	\$5,929.00
Property Taxes		111	\$1,448.00
Janitorial		116	\$8,000.00
Data Processing		119	\$6,800.00
Office Supplies		121	\$3,000.00
Miscellaneous		129	\$10,000.00
Buildings & Grounds		141	\$50,000.00
Driving Range Equipment & Supplies		143	\$9,000.00
Vehicle Repair		144	\$3,000.00
Utilities		152	\$60,000.00
Telephone		161	\$6,000.00
Advertising		163	\$5,000.00
Employee Education & Training		176	\$500.00
Insurance - General		180	\$12,707.00
19th Hole Concession Supplies		197	\$36,000.00
Uniforms		203	\$1,200.00
Photocopy Expense		204	\$600.00
Printing, Books, Subscriptions		205	\$4,000.00
Dues		207	\$2,000.00
Transaction Fees		212	\$5,800.00
Pro Shop Merchandise		335	\$70,000.00

Account Total \$638,564.00

GOLF COURSE MAINTENANCE	(66027)		
Salaries-Parttime		100	\$92,600.00
Salaries		101	\$166,444.00
Retirement		105	\$17,575.00
Consultant Services		115	\$8,850.00
Janitorial		116	\$1,200.00
Chemicals		120	\$106,950.00
Gas & Oil		122	\$23,064.00
Small Tools		127	\$3,000.00
Miscellaneous		129	\$3,000.00
Buildings & Grounds		141	\$60,500.00
Machine & Equipment Repair		146	\$36,000.00
Travel		170	\$2,300.00
Employee Education & Training		176	\$2,350.00
Uniforms		203	\$3,800.00
Dues		207	\$1,330.00
Contractural Services		208	\$66,384.00

Account Total \$595,347.00

POOL/TENNIS/FITNESS OPERATIONS	(66028)		
Salaries-Parttime		100	\$27,000.00
Chemicals		120	\$4,500.00
Buildings & Grounds		141	\$15,000.00
Machine & Equipment Repair		146	\$500.00
Pool Concession Supplies		247	\$1,900.00
Tournament Expenses		284	\$1,000.00

Account Total \$49,900.00

Total Cypress Lakes Expenditures \$1,283,811.00

FUNCTION	OBJECT	2013-2014
(66025)	NUMBER	BUDGET
SENIOR CITIZENS		
Salaries	101	\$90,755.00
Retirement	105	\$9,514.00
Employee's Insurance	106	\$19,487.00
Workman's Compensation	107	\$2,124.00
Vacation Sold	110	\$1,284.00
Janitorial	116	\$2,000.00
Data Processing	119	\$2,500.00
Office Supplies	121	\$1,500.00
Gas & Oil	122	\$1,200.00
Miscellaneous	129	\$3,050.00
Buildings & Grounds	141	\$3,000.00
Vehicle Repair	144	\$1,200.00
Utilities	152	\$9,500.00
Travel	170	\$5,312.00
Meals	175	\$50.00
Insurance - General	180	\$736.00
Photo Copy Expense	204	\$800.00
Printing, Books, Subscriptions	205	\$500.00
Area Agency On Aging	244	\$4,850.00
Aerobics	278	\$6,000.00
Art Instruction	309	\$1,000.00
Wellness Activities	328	\$7,705.00

Account Total	\$174,067.00
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FUNCTION	OBJECT	2013-2014
(66030)	NUMBER	BUDGET
LIBRARIES		
Salaries-Parttime	100	\$144,077.00
Salaries	101	\$150,389.00
Retirement	105	\$33,345.00
Employee's Insurance	106	\$48,308.00
Worker's Compensation	107	\$6,465.00
Vacation Sold	110	\$1,000.00
Janitorial	116	\$5,000.00
Data Processing	119	\$25,400.00
Office Supplies	121	\$7,000.00
Gas & Oil	122	\$700.00
Miscellaneous	129	\$6,500.00
Buildings & Grounds	141	\$24,000.00
Vehicle Repair	144	\$1,000.00
Utilities	152	\$31,000.00
Postage	162	\$800.00
Travel	170	\$2,000.00
Education & Training	176	\$4,200.00
Insurance - General	180	\$3,317.00
Childrens/Youth Programs	184	\$9,000.00
Videos	202	\$22,000.00
Photo Copy Expense	204	\$2,000.00
Printing, Books, Subscriptions	205	\$80,600.00

Account Total	\$608,101.00
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	FUNCTION	OBJECT NUMBER	2013-2014 BUDGET
SPECIAL EVENTS	(66040)		
Christmas Parade		311	\$5,000.00

		Account Total	\$5,000.00
BOARD OF EDUCATION	(67010)		
Education Foundation		226	\$2,000.00
Education		235	\$1,301,000.00

		Account Total	\$1,303,000.00
DEBT SERVICE	(67020)		
Principal		217	\$31,239.00
Interest		218	\$26,596.00

		Account Total	\$57,835.00
TRANSFERS	(68000)		
Transfer to Debt Service		506	\$1,577,460.00
Transfer to 1/2 Cent Sales Tax Acct.		508	\$1,333,893.00

		Account Total	\$2,911,353.00

GRAND TOTAL EXPENDITURES			\$19,479,596.00
			=====

Council Member Willis seconded the motion and upon said motion being put to a vote the following vote was recorded:

AYES: Council Member Pampinto, Council Member Willis, Council Member Lockhart
Council Member Holland, Council Member Noles

NAYS: None

President Holland announced that the motion for immediate consideration had been approved. Council Member Noles moved that the Budget be approved as presented. Council Member Willis seconded the motion and upon said motion being put to a vote, a roll call was had and the vote was recorded as follows:

AYES: Council Member Pampinto, Council Member Willis, Council Member Lockhart
Council Member Holland, Council Member Noles

NAYS: None

President Holland announced the vote and declared that the General Fund budget was approved.

President Holland announced that the next item of business was consideration of an ordinance to issue 2014 General Obligation Refunding Warrants, Series A in the amount of \$1,960,000.

Council Member Willis introduced the following ordinance and moved for its immediate consideration:

ORDINANCE NO. 1454 - 13

AN ORDINANCE AUTHORIZING THE ISSUANCE OF \$1,960,000 PRINCIPAL AMOUNT OF GENERAL OBLIGATION REFUNDING WARRANTS, SERIES 2014-A, DATED JANUARY 1, 2014

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 2004 Warrants, the Remaining Series 2005 Warrants, the Series 2006 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-B Warrants Authorizing Ordinance 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.

"Remaining 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.

"Refunded Series 2005 Warrants" means the Series 2005 Warrants other than the Remaining Series 2005 Warrants maturing on August 1, 2015 through August 1, 2025 presently outstanding in the principal amount of \$1,755,000.

"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.

"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.

"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 Municipality's General Obligation Refunding Warrants, Series 2005, dated November 1, 2005, outstanding in the remaining principal amount of \$1,900,000.

"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 the respective ordinances of the Municipality authorizing the Series 2006 Warrants.

"Series 2014-B Warrants" means the Municipality's General Obligation Taxable Warrants, Series 2014-B, dated January 1, 2014, anticipated to be issued simultaneously with the Warrants.

"Series 2014-B Warrants Authorizing Ordinance" means the ordinance of the Municipality authorizing the Series 2014-B Warrants to be issued simultaneously with the Warrants.

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

"Warrant Fund" means the Series 2014-A General Obligation Refunding 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 on or about February 7, 2014 a portion of the Municipality's General Obligation Refunding Warrants, Series 2005, dated November 1, 2005 (the "Series 2005 Warrants") maturing on August 1, 2015 through August 1, 2025 (the "Refunded Series 2005 Warrants") presently outstanding in the principal amount of \$1,755,000, (2) constructing certain capital improvements, to consist of municipal street paving and lighting renovations to the Municipality's recreational fields and the City Board of Education of the City of Muscle Shoals' stadium (collectively the "Series 2014-A Improvements") and (3) paying issuance expenses. The Series 2005 Warrants maturing on August 1, 2014 in the principal amount of \$145,000 will remain outstanding and are herein called the "Remaining Series 2005 Warrants."

(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) 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 Series 2004 Warrants, the Series 2005 Warrants and the Series 2006 Warrants heretofore issued.

(e) The Warrants will be payable from the Sales Tax on a parity of lien with the Municipality's outstanding Series 2004 Warrants, Remaining Series 2005 Warrants, Series 2006 Warrants and Series 2014-B 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 or Series 2014-B Warrants Authorizing Ordinance and no such defaults thereunder or under any other debt proceedings is imminent.

(g) The Municipality has heretofore issued the Series 2005 Warrants in the original principal amount of \$2,750,000, of which \$1,900,000 is presently outstanding. All of the Series 2005 Warrants were originally designated by the Municipality pursuant to the Series 2005 Warrants Authorizing Ordinance as "qualified tax-exempt obligations" pursuant to Section 265(b)(3)(D)(i) of the Internal Revenue Code of 1986, as amended. The Municipality plans to currently refund and redeem the Refunded Series 2005 Warrants in the principal amount of \$1,755,000. The Municipality hereby deems that \$1,755,000 portion of the Warrants attributable to the current refunding and redemption of the Refunded Series 2005 Warrants as designated under Section 265(b)(3)(D)(ii) of the Code as a "qualified tax-exempt obligation" and thereby bank-qualified. The remaining \$205,000 portion of the Warrants attributable to the Series 2014-A Improvements will be designated herein by the Municipality as "qualified tax-exempt obligations" for this calendar year pursuant to Section 265(b)(3)(D)(i) of the Code. The foregoing discussion is set forth on Exhibit A attached hereto and incorporated herein.

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 Refunding Warrants, Series 2014-A" in the maximum aggregate principal amount of \$1,960,000. The Warrants shall be dated January 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, subject to prior optional redemption as hereinafter provided, on August 1 in years and principal amounts as follows and shall bear interest at the following per annum rates for all Warrants maturing in the year set opposite such rates:

Year of	Principal Amount	Applicable Interest	Year of	Principal Amount	Applicable Interest
<u>Maturity</u>	<u>Maturing</u>	<u>Rate</u>	<u>Maturity</u>	<u>Maturing</u>	<u>Rate</u>

2014	\$65,000	2.000%	2021	\$200,000	2.500%
2016	200,000	2.000	2022	205,000	2.750
2017	185,000	2.000	2023	210,000	3.000
2018	180,000	2.000	2024	220,000	3.125
2019	200,000	2.000	2025	100,000	3.250
2020	195,000	2.125			

(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.

(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 Warrantholders 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, 2020 and thereafter shall be subject to redemption, in whole or in \$5,000 multiples, prior to their stated maturities at the option of the Municipality on any date on or after August 1, 2019 at a redemption price for each Warrant (or principal portion thereof) redeemed equal to the principal amount thereof to be redeemed, plus accrued interest to the date fixed for redemption, without premium or penalty.

(b) 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 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 REFUNDING WARRANT
SERIES 2014-A**

Maturity
Date

Interest Rate

CUSIP

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 Refunding Warrants, Series

2014-A, of the Municipality (the "Warrants") limited to an aggregate principal amount of \$1,960,000, 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 2004, dated September 1, 2004 (the "Series 2004 Warrants"), originally issued in the aggregate principal amount of \$12,560,000 and now outstanding in the aggregate principal amount of \$9,410,000, (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 2005, dated November 1, 2005, maturing on August 1, 2014 in the principal amount of \$145,000 (the "Remaining Series 2005 Warrants") and (4) General Obligation Taxable Warrants, Series 2014-B, dated January 1, 2014 (the "Series 2014-B Warrants"), 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 tax 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 2004 Warrants, the Remaining Series 2005 Warrants, the Series 2006 Warrants and the Series 2014-B 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-A General Obligation Refunding 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, 2020 and thereafter shall be subject to redemption, in whole or in \$5,000 multiples, prior to their stated maturities at the option of the Municipality on any date on or after August 1, 2019 at a redemption price for each Warrant (or principal portion thereof) redeemed equal to the principal amount thereof to be redeemed, plus accrued interest to the date fixed for redemption, without premium or penalty.

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 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 (15) 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 January 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.

000080

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-A General Obligation Refunding 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) Immediately following the delivery of and payment for the Series 2014-A Warrants, the amount received as accrued interest on the Series 2014-A Warrants;

(ii) On or before January 25, 2014 and on or before the 25th day of each calendar month thereafter, to and including July 25, 2014, an amount equal to one-seventh ($1/7^{\text{th}}$) of the interest coming due on the Series 2014-A Warrants on August 1, 2014;

(iii) On or before August 25, 2014 and on or before the 25th day of each calendar month thereafter, to and including July 25, 2025, an amount equal to one-sixth ($1/6^{\text{th}}$) of the interest coming due on the Series 2014-A Warrants on the next ensuing interest payment date;

(iv) On or before January 25, 2014 and on or before the 25th day of each calendar month thereafter, to and including July 25, 2014, an amount equal to one-seventh ($1/7^{\text{th}}$) of the principal coming due on the Series 2014-A Warrants on August 1, 2014; and

(v) On or before August 25, 2015 and on or before the 25th day of each calendar month thereafter, to and including July 25, 2025, an amount equal to one-twelfth ($1/12^{\text{th}}$) of the principal coming due on the next ensuing principal payment date with respect to the Series 2014-A Warrants.

(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 Series 2004 Warrants, the Remaining Series 2005 Warrants, the Series 2006 Warrants and the Series 2014-B 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 Series 2004 Warrants, the Remaining Series 2005 Warrants, the Series 2006 Warrants and the Series 2014-B 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 2004 Warrants, the Remaining Series 2005 Warrants, the Series 2006 Warrants and the Series 2014-B 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 2004 Warrants, the Remaining Series 2005 Warrants, the Series 2006 Warrants and the Series 2014-B 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.

(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 Series 2014-A 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 2004 Warrants Authorizing Ordinance, the Series 2005 Warrants Authorizing Ordinance, the Series 2006 Warrants Authorizing Ordinances and the Series 2014-B 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 2004 Warrants, the Remaining Series 2005 Warrants, the Series 2006 Warrants and the Series 2014-B 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 and the Series 2014-B 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 2004 Warrants, the Remaining Series 2005 Warrants, the Series 2006 Warrants, the Series 2014-B 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 2004 Warrants, Remaining Series 2005 Warrants, Series 2006 Warrants and Series 2014-B 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, the Series 2004 Warrants, the Remaining Series 2005 Warrants, the Series 2006 Warrants and the Series 2014-B 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 2004 Warrants, the Remaining Series 2005 Warrants, the Series 2006 Warrants and the Series 2014-B 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 \$1,931,596.60 (representing the principal amount of \$1,960,000 less underwriting discount of \$39,200.00 and plus a net original issue premium of \$10,796.60) plus accrued interest to the date of delivery.

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) The Accrued Interest of \$796.77 shall be deposited in the Warrant Fund and applied to the first interest payment on the Warrants due on August 1, 2014.
- (b) \$26,031.39 shall be deposited in the Warrant Fund and used by the Depository to pay approved issuance expenses as set forth on Exhibit B attached hereto and incorporated herein by reference.
- (c) \$1,627,565.21 shall be deposited in the Series 2005 Warrant Fund, along with the sum of \$181,300 deposited therein from the proceeds of the Series 2014-B Warrants issued simultaneously herewith, and applied in the combined amount of \$1,808,865.21 to the current refunding and redemption on February 7, 2014 of the Series 2005 Warrants maturing on August 1, 2015 through August 1, 2025.

(d) \$278,000 representing the remaining principal proceeds, shall be deposited in a separate, segregated construction fund and applied to the Series 2014-A 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." The recreational/community complex will be open and available to the public at all times.

(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) Pursuant to Section 2(h) herein, the Municipality has deemed a \$1,755,000 portion of the Warrants as "designated" as "qualified tax-exempt obligations" under Section 265(b)(3)(D)(ii) of the Code because (1) the amount of the Warrants applicable to the current refunding of the Refunded Series 2005 Warrants does not exceed the amount of Refunded Series 2005 Warrants being refunded, (2) the average maturity date of the Warrants is not later than the average maturity date of the Refunded Series 2005 Warrants and (3) the Warrants have a final maturity date which is not later than 30 years after the date on which the Refunded Series 2005 Warrants were issued. Exhibit A attached hereto and incorporated herein by reference is hereby ratified, adopted and approved by the Municipality.

(h) The Municipality does hereby designate the remaining \$205,000 portion of the Warrants as "qualified tax-exempt obligations" under Section 265(b)(3)(D)(i) of the Code. That portion of the Warrants is "bank qualified." The Municipality does hereby represent that it has not issued in the aggregate more than \$10,000,000 of "qualified tax-exempt obligations" during calendar year 2014, and the Municipality does hereby further represent that it reasonably anticipates that the amount of neither "qualified tax-exempt obligations" nor "tax-exempt obligations" which will be issued by the Municipality or its subordinate entities, consisting of the City Board of Education of the City of Muscle Shoals, the Electric Board of the City of Muscle Shoals, The Utilities Board of the City of Muscle Shoals, The Airport Authority of the City of Muscle Shoals and North Alabama Gas District, during calendar year 2014 will exceed \$10,000,000.

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.

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, (c) unscheduled draws on debt service reserves reflecting financial difficulties, (d) unscheduled draws on credit enhancements reflecting financial difficulties, (e) substitution of credit or liquidity providers or their failure to perform, (f) adverse tax opinions or events affecting the tax-exempt status of the Warrants, (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
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.

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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.

Section 25. Current Refunding and Redemption of a Portion of the Refunded Series 2005 Warrants.

A portion of the Refunded Series 2005 Warrants are hereby called for redemption on February 7, 2014 at a redemption price equal to 101% of the principal amount of each warrant to be redeemed plus accrued interest on such warrant to the date fixed for redemption. The Mayor and City Clerk-Treasurer are authorized to take all further action necessary to effect the redemption of the Refunded Series 2005 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 a portion of the General Obligation Refunding Warrants, Series 2005, dated November 1, 2005, of the City of Muscle Shoals, numbered _____ through _____, inclusive, having stated maturities on August 1, 2015 through August 1, 2025, have been called for redemption on February 7, 2014 and will become due and payable on such date at a redemption price equal to 101% of the principal amount thereof to be redeemed, plus accrued interest to the date fixed for redemption. 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 February 7, 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 Refunded Series 2005 Warrants for redemption as provided herein except for manifest error.

Council Member Pampinto seconded the motion and upon said motion being put to a vote the following vote was recorded:

AYES: Council Member Pampinto, Council Member Willis, Council Member Lockhart
Council Member Holland, Council Member Noles

NAYS: None

President Holland announced that the motion for immediate consideration had been approved. Council Member Willis moved that the Ordinance be approved as presented. Council Member Pampinto seconded the motion and upon said motion being put to a vote, a roll call was had and the vote was recorded as follows:

AYES: Council Member Pampinto, Council Member Willis, Council Member Lockhart
Council Member Holland, Council Member Noles

NAYS: None

President Holland announced the vote and declared that the Ordinance was approved.

President Holland announced that the next item of business was consideration of an ordinance to issue 2014 General Obligation Refunding Taxable Warrants, Series B in the amount of \$185,000.

Council Member Pampinto introduced the following ordinance and moved for its immediate consideration:

ORDINANCE NO. 1455 - 13

AN ORDINANCE AUTHORIZING THE ISSUANCE OF \$185,000 PRINCIPAL AMOUNT OF GENERAL OBLIGATION TAXABLE WARRANTS, SERIES 2014-B, DATED JANUARY 1, 2014

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 2004 Warrants, the Remaining Series 2005 Warrants, the Series 2006 Warrants and the Series 2014-A 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 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.

"Remaining 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.

"Refunded Series 2005 Warrants" means the Series 2005 Warrants other than the Remaining Series 2005 Warrants maturing on August 1, 2015 through August 1, 2025 presently outstanding in the principal amount of \$1,755,000.

"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 Municipality's General Obligation Refunding Warrants, Series 2005, dated November 1, 2005, outstanding in the remaining principal amount of \$1,900,000.

"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 the respective ordinances of the Municipality authorizing the Series 2006 Warrants.

"Series 2014-A Warrants" means the Municipality's General Obligation Refunding Warrants, Series 2014-A, dated January 1, 2014, anticipated to be issued simultaneously with the Warrants.

"Series 2014-A Warrants Authorizing Ordinance" means the ordinance of the Municipality authorizing the Series 2014-A Warrants to be issued simultaneously with the Warrants.

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

"Warrant Fund" means the Series 2014-B 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 on or about February 7, 2014 a portion of the Municipality's General Obligation Refunding Warrants, Series 2005, dated November 1, 2005 (the "Series 2005 Warrants") maturing on August 1, 2015 through August 1, 2025 (the "Refunded Series 2005 Warrants") presently outstanding in the principal amount of \$1,755,000 and (2) paying issuance expenses. The Series 2005 Warrants maturing on August 1, 2014 in the principal amount of \$145,000 will remain outstanding and are herein called the "Remaining Series 2005 Warrants."

(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) 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.

(d) 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.

(e) 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, the Series 2005 Warrants and the Series 2006 Warrants heretofore issued.

(f) The Warrants will be payable from the Sales Tax on a parity of lien with the Municipality's outstanding Series 2004 Warrants, Remaining Series 2005 Warrants, Series 2006 Warrants and Series 2014-A Warrants.

(g) 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 or the Series 2014-A Warrants Authorizing Ordinance 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 Taxable Warrants, Series 2014-B" in the maximum aggregate principal amount of \$185,000. The Warrants shall be dated January 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	\$185,000	0.850%

(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.

(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 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 Warrantholders 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.

(c) 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 Series 2014-B 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-B**

Maturity

Date

Interest Rate

CUSIP

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-B, of the Municipality (the "Warrants") limited to an aggregate principal amount of \$185,000, 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 2004, dated September 1, 2004 (the "Series 2004 Warrants"), originally issued in the aggregate principal amount of \$12,560,000 and now outstanding in the aggregate principal amount of \$9,410,000, (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 2005, dated November 1, 2005, maturing on August 1, 2014 in the principal amount of \$145,000 (the "Remaining Series 2005 Warrants") and (4) 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 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 tax 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 2004 Warrants, the Remaining Series 2005 Warrants, the Series 2006 Warrants and the Series 2014-A 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-B 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 January 1, 2014.

CITY OF MUSCLE SHOALS, ALABAMA

CITY SEAL

By _____
Its Mayor

Attest: _____
City Clerk/Treasurer

000102

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-B 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 two accounts of the Warrant Fund the following amounts on or before the following dates:

(i) Immediately following the delivery of and payment for the Series 2014-B Warrants, the amount received as accrued interest on the Series 2014-B Warrants;

(ii) On or before January 25, 2014 and on or before the 25th day of each calendar month

thereafter, to and including July 25, 2014, an amount equal to one-seventh ($1/7^{\text{th}}$) of the interest coming due on the Series 2014-B Warrants on August 1, 2014;

(iii) On or before August 25, 2014 and on or before the 25th day of each month thereafter, to and including July 25, 2015, an amount equal to one-sixth ($1/6^{\text{th}}$) of the interest coming due on the Series 2014-B Warrants on the next ensuing interest payment date; and

(iv) On or before August 25, 2014 and on or before the 25th day of each calendar month thereafter, to and including July 25, 2015, an amount equal to one-twelfth ($1/12^{\text{th}}$) of the principal coming due on the Series 2014-B Warrants on 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.

(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 Series 2004 Warrants, the Remaining Series 2005 Warrants, the Series 2006 Warrants and the Series 2014-A 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 Series 2004 Warrants, the Remaining Series 2005 Warrants, the Series 2006 Warrants and the Series 2014-A 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 2004 Warrants, the Remaining Series 2005 Warrants, the Series 2006 Warrants and the Series 2014-A 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 2004 Warrants, the Remaining Series 2005 Warrants, the Series 2006 Warrants and the Series 2014-A 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.

(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 Series 2014-A 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 2004 Warrants Authorizing Ordinance, the Series 2005 Warrants Authorizing Ordinance, the Series 2006 Warrants Authorizing Ordinances and the Series 2014-A 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 2004 Warrants, the Remaining Series 2005 Warrants, the Series 2006 Warrants and the Series 2014-A 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 and the Series 2014-A 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 2004 Warrants, the Remaining Series 2005 Warrants, the Series 2006 Warrants, the Series 2014-A 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 2004 Warrants, Remaining Series 2005 Warrants, Series 2006 Warrants and Series 2014-A 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, the Series 2004 Warrants, the Remaining Series 2005 Warrants, the Series 2006 Warrants and the Series 2014-A 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 2004 Warrants, the Remaining Series 2005 Warrants, the Series 2006 Warrants and the Series 2014-A 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 \$181,300 plus accrued interest to the date of delivery (representing the par amount of \$185,000 less an underwriting discount of \$3,700). 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 \$26.21 shall be deposited in the Warrant Fund and applied to the first interest payment on the Warrants due on August 1, 2014.

(b) \$181,300 shall be deposited in the Series 2005 Warrant Fund, along with the sum of \$1,627,565.21 deposited therein from the proceeds of the Series 2014-A Warrants issued simultaneously herewith, and applied in the combined amount of \$1,808,865.21 to the current refunding and redemption on February 7, 2014 of the Series 2005 Warrants maturing on August 1, 2015 through August 1, 2025.

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

A portion of the Refunded Series 2005 Warrants are hereby called for redemption on February 7, 2014 at a redemption price equal to 101% of the principal amount of each warrant to be redeemed plus accrued interest on such warrant to the date fixed for redemption. The Mayor and City Clerk-Treasurer are authorized to take all further action necessary to effect the redemption of the Refunded Series 2005 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 a portion of the General Obligation Refunding Warrants, Series 2005, dated November 1, 2005, of the City of Muscle Shoals, numbered _____ through _____, inclusive, having stated maturities on August 1, 2015 through August 1, 2025, have been called for redemption on February 7, 2014 and will become due and payable on such date at a redemption price equal to 101% of the principal amount thereof to be redeemed, plus accrued interest to the date fixed for redemption. 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 February 7, 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 Refunded Series 2005 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, (c) unscheduled draws on debt service reserves reflecting financial difficulties, (d) unscheduled draws on credit enhancements reflecting financial difficulties, (e) substitution of credit or liquidity providers or their failure to perform, (f) adverse tax opinions, (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
 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.

Council Member Lockhart seconded the motion and upon said motion being put to a vote the following vote was recorded:

AYES: Council Member Pampinto, Council Member Willis, Council Member Lockhart
 Council Member Holland, Council Member Noles

NAYS: None

President Holland announced that the motion for immediate consideration had been approved. Council Member Pampinto moved that the Ordinance be approved as presented.

Council Member Lockhart seconded the motion and upon said motion being put to a vote, a roll call was had and the vote was recorded as follows:

AYES: Council Member Pampinto, Council Member Willis, Council Member Lockhart
Council Member Holland, Council Member Noles

NAYS: None

President Holland announced the vote and declared that the Ordinance was approved.

President Holland announced that the next item of business was consideration of a resolution to establish a bank account for proceeds from the 2014 G. O. Warrants, Series A & B.

Council Member Lockhart introduced the following resolution and moved for its adoption:

STATE OF ALABAMA
COLBERT COUNTY

RESOLUTION NUMBER 2668 - 13

WHEREAS, the City Council of the City of Muscle Shoals deems it necessary and expedient that various actions be taken and appointments be made to insure the continued efficient and orderly conduct of the City's business; and

WHEREAS, the City Council finds it necessary to appoint the City's depository for the proceeds and disbursements of the proceeds of the Muscle Shoals G.O. Warrants , Series 2014 A & B;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Muscle Shoals, Alabama that the following depositories of the accounts of the City are hereby approved and ratified:

Account

2014 Bond Fund

Bank

First Metro Bank

BE IT FURTHER RESOLVED by the Council that the Mayor of the City, for and on behalf of the City of Muscle Shoals, is hereby authorized to enter into and execute all necessary and required documents, agreements and authorizations to effectuate the terms, conditions and purposes of this Resolution.

Council Member Noles seconded the motion and upon said motion being put to a vote all voted "AYE" and "NAYS" were none.

President Holland announced that the resolution had been approved.

President Holland announced that the next item of business was consideration of a resolution to make an appointment to the Zoning Board of Adjustment.

Council Member Lockhart introduced the following resolution and moved for its adoption:

STATE OF ALABAMA
COLBERT COUNTY

RESOLUTION NUMBER 2669 - 13

WHEREAS, a term on the Zoning Board of Adjustment has expired and the City Council being desirous of making the necessary appointment to said board;

WHEREAS, notice was given to the public of said pending vacancy and applications solicited for a member to said board;

WHEREAS, the following individuals made proper application and met the requirements for appointment, are eligible for appointment to fill the pending vacancy:

Hal R. Horton

WHEREAS, Hal R. Horton was the sole applicant for appointment to the board and currently serving on the board, and

WHEREAS, a roll call vote was had by the City Council as follows:

Council Member Pampinto: Hal R. Horton
Council Member Willis: Hal R. Horton
Council Member Lockhart: Hal R. Horton
Council Member Holland: Hal R. Horton
Council Member Noles: Hal R. Horton

WHEREAS, Council President Holland announced that Hal R. Horton had received a majority of the votes cast, now

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Muscle Shoals, Alabama does hereby appoint the following named person to serve as set forth herein:

<u>APPOINTEE</u>	<u>BOARD</u>	<u>EXPIRATION OF TERM</u>
Hal R. Horton	Zoning Board of Adjustment	December, 2018

The Clerk is hereby directed to notify the above named person of their appointment and to further notify the respective board of said appointment.

Council Member Noles seconded the motion and upon said motion being put to a vote all voted "AYE" and "NAYS" were none.

President Holland announced that the resolution had been approved.

President Holland announced that the next item of business was consideration of a resolution in support of Dr. David Bronner, CEO of the Alabama Retirement Systems.

Council Member Noles introduced the following resolution and moved for its immediate consideration:

STATE OF ALABAMA
COLBERT COUNTY

RESOLUTION NUMBER 2670 – 13

A RESOLUTION IN SUPPORT OF DAVID BRONNER

WHEREAS, Dr. David Bronner has served as the CEO of Retirement Systems of Alabama ("RSA"), the pension fund for employees of the State of Alabama, since 1973; and

WHEREAS, under the leadership of Dr. Bronner, based on a study performed by Keivan Deravi, an economist with Auburn University Montgomery in 2012, RSA invested \$5.6 billion from 1990 through 2011 in "alternative" investments such as golf courses, tourism projects, business loans and equity investments (representing only 10% of RSA investments during said period of time, the other 90% being invested in more traditional investments such as stocks and bonds); and

WHEREAS, according to Deravi, such "alternative" investments created \$1.1 billion in state tax revenues paid by companies established or supported by RSA investments, and resulted in 282,000 jobs for Alabama residents and \$14.3 billion in paychecks for such employees; and

WHEREAS, in the Shoals community, RSA, through the efforts of Dr. Bronner, has made possible the location of a Robert Trent Jones golf course facility, the Marriott Hotel and Conference Center, the 360 Grill Restaurant, construction of a state of the art manufacturing facility in Barton, Alabama being utilized by Navistar/Freight Car America, investment in Wise Alloys that has resulted in significant expansion of its business – all such activities resulting in substantial tax revenues, creation of numerous jobs and improvement to the quality of life enjoyed by our residents; and

WHEREAS, the RSA Board has recently enacted a Resolution to create a three member board to review any investments made by Dr. Bronner, an action prompted by political considerations rather than business necessity; and

WHEREAS, such action by the newly appointed RSA Board will have adverse impact on the ability of Dr. Bronner to make timely business investment decisions and will result in loss of opportunity for our community and the entire State of Alabama; and

WHEREAS, the Muscle Shoals City Council desires to publicly evidence its appreciation and support of Dr. Bronner as CEO of RSA.

NOW, THEREFORE, BE IT RESOLVED BY THE governing body of the City of Muscle Shoals, Alabama, that it extends its appreciation and support of Dr. Bronner as CEO of RSA and, further, commends Dr. Bronner for his superior leadership of RSA for the past forty (40) years.

BE IT RESOLVED FURTHER by the Muscle Shoals City Council that it supports the rescission by the RSA Board of its recent action calling for a three member board to review investments made by Dr. Bronner and, if necessary, action by the Alabama Legislature to revoke the RSA Board action.

Council Member Willis seconded the motion and upon said motion being put to a vote the following vote was recorded:

AYES: Council Member Pampinto, Council Member Willis, Council Member Lockhart
Council Member Holland, Council Member Noles

NAYS: None

President Holland announced that the motion for immediate consideration had been approved. Council Member Noles moved that the Resolution be approved as presented. Council Member Willis seconded the motion and upon said motion being put to a vote, a roll call was had and the vote was recorded as follows:

AYES: Council Member Pampinto, Council Member Willis, Council Member Lockhart
Council Member Holland, Council Member Noles

NAYS: None

President Holland announced the vote and declared that the Resolution was approved.


There being no further business to come before the meeting, upon the motion duly made, seconded and unanimously carried, the meeting was adjourned.

CITY OF MUSCLE SHOALS, ALABAMA
a Municipal Corporation


COUNCIL MEMBER - PLACE ONE

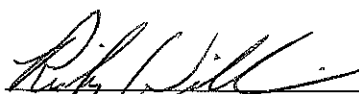

COUNCIL MEMBER - PLACE TWO


COUNCIL MEMBER - PLACE THREE


COUNCIL MEMBER - PLACE FOUR


COUNCIL MEMBER - PLACE FIVE

ATTEST:


CITY CLERK

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