

THE CITY COUNCIL OF NORTH ROYALTON, OHIO

ORDINANCE NO. 14-52

INTRODUCED BY: Mayor Stefanik

AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF AN AGGREGATE PRINCIPAL AMOUNT OF NOTES NOT TO EXCEED \$1,369,000, IN ANTICIPATION OF THE ISSUANCE OF BONDS, TO PAY THE COSTS OF CONSTRUCTING AND RECONSTRUCTING IMPROVEMENTS TO STATE ROAD, RIDGE ROAD AND BENNETT ROAD, INCLUDING RESURFACING AND OTHER RELATED IMPROVEMENTS, TOGETHER WITH ALL NECESSARY APPURTENANCES THERETO, AND DECLARING AN EMERGENCY

WHEREAS: The Council of the City has heretofore authorized the issuance of Roadway Improvement General Obligation Bond Anticipation Notes, Series 2013 in anticipation of bonds (the "2013 Notes") for the purpose set forth below in Section 1 in the principal amount of \$1,369,000, which 2013 Notes will mature on May 22, 2014; and

WHEREAS: The Council of the City finds and determines that the City should retire the 2013 Notes with the proceeds of the notes described below in Section 3 and with other moneys of the City available and appropriated for such purpose; and

WHEREAS: The Director of Finance as fiscal officer of this City has certified to this Council that the estimated life of the improvements hereinafter mentioned is at least five (5) years and has further certified that the maximum maturity of the bonds in anticipation of which the Notes will be issued is twenty (20) years and that the maximum maturity of notes issued in anticipation of said bonds is twenty (20) years from the date of issuance of the notes originally issued for the improvements.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF NORTH ROYALTON, COUNTY OF CUYAHOGA AND STATE OF OHIO, THAT:

Section 1. It is necessary to issue bonds of this City in an aggregate principal amount not to exceed \$1,369,000 for the purposes of paying the costs of constructing and reconstructing improvements to State Road, Ridge Road and Bennett Road, including resurfacing and other related improvements, together with all necessary appurtenances thereto.

Section 2. The bonds shall be dated approximately May 1, 2015, shall bear interest at the now estimated rate of five per centum (5%) per annum, payable semi-annually until the principal sum is paid, and shall mature in twenty (20) annual installments after their issuance. The first principal installment is estimated to be December 1, 2016.

Section 3. It is necessary to issue and this Council determines that notes (the "Notes") in an aggregate principal amount not to exceed \$1,369,000 shall be issued in anticipation of the issuance of bonds for the above described purpose. The Notes shall be sold at private sale to the Original Purchaser, as defined in Section 5 hereof, and as designated by the Director of Finance in his certificate awarding the Notes (the "Certificate of Award") and shall be in the aggregate principal amount and shall bear interest at the rate fixed by the Director of Finance in the Certificate of Award, provided that such rate shall not exceed five per centum (5%) per annum. Interest on the Notes shall be payable at maturity, with provision, if requested by the Original Purchaser, that, in the event of default, the Notes shall bear interest at a rate which shall not exceed ten per centum (10%) per annum until the principal sum is paid or provided for. The Notes shall be dated their date of issuance and shall mature on a date that is between three months and one year, inclusive, from their date of issuance, all as determined by the Director of Finance in the Certificate of Award. The Notes shall not be subject to redemption by the City at any time prior to maturity, unless the Original Purchaser requests that the Notes provide for such redemption and unless provided for in the Certificate of Award, in which case provision shall be made for calling the Notes for redemption upon ten (10) days' written notice to the Paying Agent (as defined below) for the Notes or to the Original Purchaser if the Director of Finance is the Paying Agent. In addition, the Notes shall be issued in the numbers and denominations requested by the Original Purchaser, provided that the Notes shall be issued only in denominations of \$100,000 or integral multiples of \$1,000 in excess thereof. The Notes shall be payable as to both principal and interest at a bank or trust company designated by the Director of Finance (herein individually or collectively the "Paying Agent"), without deduction for exchange, collection or service charge; and shall be payable in Federal Reserve funds of the United States of America if requested by the Original Purchaser.

Section 4. The Notes shall be designated "Roadway Improvement General Obligation Bond Anticipation Notes, Series 2014." Pursuant to Section 133.30(B), Ohio Revised Code, the Director of Finance may combine the Notes with other notes into a single consolidated issue of notes for purposes of their sale as a single issue, to be designated "Various Purpose General Obligation Bond Anticipation Notes, Series 2014." The Notes shall state the purpose for which the Notes are issued; shall state that they are issued pursuant to this Ordinance; shall be issued in such numbers and denominations as may be requested by the Original Purchaser; and shall be executed by the Mayor and the Director of Finance of the City, provided that one of such signatures may be a facsimile signature.

The Notes, pursuant to the terms set forth below, may also be issued to a Depository (as hereinafter defined) for use in a book-entry system (as hereinafter defined). The Director of Finance is hereby authorized and directed, to the extent necessary or required, to enter into any agreements determined necessary in connection with the authentication, immobilization, and transfer of Notes, including arrangements for the payment of principal and interest by wire transfer, after determining that the execution thereof will not endanger the funds or securities of the City, which determination shall be conclusively evidenced by the signing of any such agreement.

If and as long as a book-entry system is utilized, (i) the Notes shall be issued in the form of one note in the name of the Depository or its nominee, as owner, and immobilized in the custody of the Depository; (ii) the beneficial owners in book-entry form shall have no right to receive Notes in the form of physical securities or certificates; (iii) ownership of beneficial interests in book-entry form shall be shown by a book entry on the system maintained and operated by the Depository and its Participants (as hereinafter defined), and transfers of the ownership of beneficial interests shall be made only by book entry by the Depository and its Participants; and (iv) the Notes as such shall not be transferable or exchangeable, except for transfer to another Depository or to another nominee of a Depository, without further action by the Council of the City.

If any Depository determines not to continue to act as a Depository for the Notes for use in a book-entry system, the Director of Finance may attempt to have established a securities depository/book-entry relationship with another qualified Depository. If the Director of Finance does not or is unable to do so, the Director of Finance, after making provision for notification of the beneficial owners by the then Depository and any other arrangements she deems necessary, shall permit withdrawal of the Notes from the Depository, and authenticate and deliver note certificates in bearer or registered form, as she determines, to the assigns of the Depository or its nominee, all at the cost and expense (including any costs of printing), if the event is not the result of Council action or inaction, of those persons requesting such issuance.

As used in this Section and this Ordinance:

“Book-entry form” or “book-entry system” means a form or system under which (i) the beneficial right to principal and interest may be transferred only through a book entry and (ii) physical notes are issued only to a Depository or its nominee as owner, with the Notes “immobilized” to the custody of the Depository, and the book entry is the record that identifies the owners of beneficial interests in that principal and interest.

“Depository” means any securities depository that is a clearing agency under federal law operating and maintaining a book-entry system to record beneficial ownership of the right to principal and interest, and to effect transfers of Notes, in book-entry form, and includes and means initially The Depository Trust Company (a limited purpose trust company), New York, New York.

“Participant” means any participant contracting with a Depository under a book-entry system and includes security brokers and dealers, banks and trust companies, and clearing corporations.

Section 5. The Notes shall be sold by the Director of Finance at private sale to The Huntington Investment Company and at not less than the par value thereof, together with premium and accrued interest thereon, if any, at an interest rate determined by the Director of Finance to be in the best interest of the City. The Mayor, the Director of Finance, the Law Director and the Director of Legislative Affairs, as appropriate, are each authorized and directed to sign any transcript certificates, financial statements and other documents, agreements, representations and instruments, and to take such actions as are necessary or appropriate to consummate the transactions contemplated by this Ordinance. The services of Calfee, Halter & Griswold LLP, Bond Attorneys, Cleveland, Ohio, as Bond Counsel for the Notes are hereby retained, and the Director of Finance shall cause the Notes to be prepared, and shall have the Notes signed and delivered, together with a true transcript of proceedings with respect to the issuance of the Notes, to the Original Purchaser thereof upon payment of the purchase price therefor. The Director of Finance of the City is hereby authorized and directed to deliver the Notes, when executed, to the Original Purchaser thereof upon payment of the purchase price. The proceeds of such sale shall be paid into the proper fund and used for the purpose for which the Notes are being issued under the provisions of this Ordinance and to pay those costs set forth in Section 133.15, Ohio Revised Code, and any such costs which are future financing costs may be paid from the same sources from which the principal of and interest on the Notes are paid. Any premium received by the City and accrued interest shall be transferred to the City’s Bond Retirement Fund to be applied to the payment of the principal of and interest on the Notes in the manner provided by law.

The Director of Finance is hereby authorized, if he determines it to be in the best interests of the City, to retain the services of a qualified financial advisor in connection with the issuance of the Notes.

If, in the judgment of the Director of Finance, a preliminary official statement of the City relating to the original issuance of the Notes, is in the best interest of the City, such a preliminary official statement is hereby authorized to be distributed. The Mayor and the Director of Finance, and either one of them, are authorized and directed to complete and sign, on behalf of the City and in their official capacities, an official statement, with such modifications, changes and supplements from the preliminary official statement as those officers or any one of them shall approve or authorize. Those officers are authorized, on behalf of the City and

in their official capacities, to (i) determine, and to certify or otherwise represent, when the official statement is "deemed final" (except for permitted omissions) by the City as of its date or is a final official statement for purposes of SEC Rule 15c2-12(b)(1), (3) and (4), (ii) use and distribute, or authorize the use and distribution of, those official statements and any supplements thereto in connection with the original issuance of the Notes, and (iii) complete and sign those official statements as so approved together with such certificates, statements or other documents in connection with the finality, accuracy and completeness of those official statements.

If, in the judgment of the Director of Finance, the filing of an application for a rating on the Notes by one or more nationally-recognized rating agencies is in the best interest of and financially advantageous to the City, the Director of Finance is authorized to prepare and submit those applications, to provide to each such agency such information as may be required for the purpose, and to provide further for the payment of the cost of obtaining each such rating from the proceeds of the Notes to the extent available and otherwise from any other funds lawfully available and that are appropriated or shall be appropriated for that purpose.

Section 6. The City covenants that it will restrict the use of the proceeds of the Notes in such manner and to such extent, if any, as may be necessary so that the Notes will not constitute arbitrage bonds under Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"). The Director of Finance of the City, as the fiscal officer, or any other officer of the City, including the Clerk of Council, having responsibility for the issuance of the Notes shall give an appropriate certificate of the City, for inclusion in the transcript of proceedings for the Notes, setting forth the reasonable expectations of the City regarding the amount and use of all the proceeds of the Notes, the facts, circumstances, and estimates on which they are based, and other facts and circumstances relevant to the tax treatment of interest on the Notes.

The City covenants that (a) it will take or cause to be taken such actions which may be required of it for the interest on the Notes to be and remain excluded from gross income for federal income tax purposes, and (b) it will not take or permit to be taken any actions which would adversely affect that exclusion, and that it, or persons acting for it, will, among other acts of compliance, (i) apply the proceeds of the Notes to the governmental purpose of the borrowing, (ii) restrict the yield on investment property acquired with those proceeds, (iii) make timely rebate payments to the federal government, (iv) maintain books and records and make calculations and reports, and (v) refrain from certain uses of proceeds, all in such manner and to the extent necessary to assure such exclusion of that interest under the Code. The Director of Finance and other appropriate officers of the City are hereby authorized and directed to take any and all actions, make calculations and rebate payments, and take or give reports and certifications as may be appropriate to assure such exclusion of that interest.

Section 7. The City hereby represents that all conditions are met for treating the Notes as "qualified tax-exempt obligations" as defined in Section 265(b)(3)(B)(i) of the Code; and that the Notes are deemed to have been designated as such without further action of the City by reason of Section 265(b)(3)(D)(ii) of the Code.

Section 8. That the Director of Finance is authorized and directed to execute a continuing disclosure certificate (the "Disclosure Certificate") dated the date of delivery of the Notes and delivered to the Original Purchaser of the Notes for the benefit of the holders of the Notes (the "Noteholders") and to assist the Original Purchaser in complying with S.E.C. Rule 15c2-12(b)(5), which Disclosure Certificate shall set forth the City's undertaking to provide annual reports and notices of certain events as may be required. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Disclosure Certificate. Failure of the City to comply with the Disclosure Certificate shall not be considered an event of default; however, any Noteholder may take such actions as may be necessary and appropriate to cause the City to comply with its obligations under this Section.

Section 9. The Notes shall be full general obligations of the City and the full faith and credit of the City are hereby pledged for the prompt payment of the same. The par value to be received from the sale of the bonds anticipated by the Notes and any excess funds resulting from the issuance of the Notes shall, to the extent necessary, be used only for the retirement of the Notes at maturity, together with the interest thereon, and are hereby pledged for such purpose.

Section 10. During the years that the Notes are outstanding, there shall be levied on all the taxable property in the City, in addition to all other taxes, a direct tax annually at the rate not less than that which would have been levied if bonds had been issued without the prior issuance of the Notes. This tax shall be and is hereby ordered computed, certified, levied and extended upon the tax duplicate and collected by the same officers, in the same manner and at the same time that taxes for general purposes of each of said years are certified, extended or collected. In addition, this tax shall be placed before and in preference to all items and for the full amount thereof. The funds derived from the tax levies hereby required shall be placed in a separate and distinct fund which, together with the interest collected on the same, shall be irrevocably pledged for the payment of the principal of and interest on the Notes or the bonds in anticipation of which they are issued, when and as the same fall due; provided, however, that in each year to the extent that revenues are available from other sources for the payment of the Notes and bonds and are appropriated for such purpose, the amount of such direct tax upon all of the taxable property in the City shall be reduced by the amount of the revenues so available and appropriated.

Section 11. It is hereby determined that all acts, conditions and things necessary to be done precedent to and in the issuing of the Notes, in order to make them legal, valid and binding obligations of the City, have been done or will have been done and performed in regular and due form as required by law; and that no limitation of indebtedness or taxation, either statutory or constitutional, will be exceeded in the issuance of the Notes.

Section 12. The Director of Legislative Services, in her capacity as Clerk of Council, is hereby directed to forward a certified copy of this Ordinance to the County Fiscal Officer of Cuyahoga County and to secure a receipt therefor.

Section 13. The Mayor, Director of Finance, Law Director and the Clerk of Council, as appropriate, are each authorized and directed to prepare, execute and deliver any transcript certificates, financial statements and other documents, agreements, representations and instruments and to take such actions as are necessary or appropriate to consummate the issuance of the Notes as provided in this Ordinance.

Section 14. It is found and determined that all formal actions of this Council concerning and relating to the passage of this Ordinance were adopted in an open meeting of this Council, and that all such deliberations of this Council and any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with all legal requirements, including the City's Charter, Codified Ordinances and any applicable provisions of Section 121.22 of the Ohio Revised Code.

Section 15. This Ordinance is hereby declared to be an emergency measure necessary for the immediate preservation of the public peace, health, safety and welfare of the City, and for the further reason that the immediate issuance and sale of the Notes herein authorized is necessary to permit the retirement of the outstanding notes at maturity and thereby preserve the credit of the City, and provided it receives the affirmative vote of at least two-thirds (2/3) of the membership of Council, this Ordinance shall take effect and be in force immediately upon its passage by the Council and approval by the Mayor; otherwise, it shall take effect and be in force after the earliest period allowed by law.

/s/ Larry Antoskiewicz
PRESIDENT OF COUNCIL

APPROVED: /s/ Robert A. Stefanik
MAYOR

DATE PASSED: April 15, 2014

DATE APPROVED: April 16, 2014

ATTEST: /s/ Laura J. Haller
DIRECTOR OF LEGISLATIVE SERVICES

First reading April 1, 2014
Second reading suspended
Third reading April 15, 2014

YEAS: Antoskiewicz, Nickell, Petrusky, Langshaw,
Marnecheck, Muller, Kasaris

NAYS: none