

# THE CITY COUNCIL OF NORTH ROYALTON, OHIO

ORDINANCE NO. 19-79

INTRODUCED BY: Mayor Stefanik

AN ORDINANCE AUTHORIZING THE ISSUANCE OF NOTES IN THE AMOUNT OF NOT TO EXCEED \$5,550,000 IN ANTICIPATION OF THE ISSUANCE OF BONDS FOR THE PURPOSE OF REFUNDING A PORTION OF THE CITY'S VARIOUS PURPOSE GENERAL OBLIGATION BONDS (LIMITED TAX), SERIES 2014, DATED, MAY 21, 2014, PREVIOUSLY ISSUED FOR THE PURPOSE OF CONSTRUCTING, RENOVATING, FURNISHING AND EQUIPPING A MUNICIPAL RECREATIONAL FACILITY AT 11409 STATE ROAD, NORTH ROYALTON, OHIO, AND DECLARING AN EMERGENCY

WHEREAS: The City of North Royalton, Ohio (the "City") has issued its Various Purpose General Obligation Bonds (Limited Tax), Series 2014, dated May 21, 2014 (the "Outstanding Bonds") in the original principal amount of \$7,435,000, of which \$6,045,000 currently remains outstanding; and

WHEREAS: The City has entered into an Operating Agreement, dated as of June 3, 2010 (the "Operating Agreement"), with the YMCA of Greater Cleveland (the "YMCA") related to the facilities financed with the proceeds of the Outstanding Bonds, and the City and the YMCA are currently negotiating an amendment and extension to the amended Operating Agreement, which contemplates the refunding of a portion of the Outstanding Bonds; and

WHEREAS: Council has determined that it is advisable and in the best interest of the City to issue (i) refunding bonds (the "Bonds") of the City to refund a portion of the Outstanding Bonds (the "Refunded Bonds") and (ii) refunding bond anticipation notes (the "Notes") in anticipation of the Bonds; and

WHEREAS: It is now deemed necessary to issue and sell not to exceed \$5,550,000 of notes in anticipation of the issuance of the Bonds under authority of the general laws of the State of Ohio, including Chapter 133, Ohio Revised Code, and in particular Sections 133.21 and 133.34 thereof and the City's Charter, for the purpose stated in the title of this Ordinance; and

WHEREAS: The Director of Finance (the "Director of Finance") of the City has certified to this Council that the maximum maturity of the bonds cannot be later than December 1, 2039, and the maximum maturity of notes is 11 years.

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

Section 1. It is hereby declared necessary to issue bonds (the "Bonds") of the City in the principal sum of not to exceed \$5,550,000 for the purpose of refunding a portion of the Outstanding Bonds.

Section 2. The Bonds shall be dated prior to the maturity date of the Notes (as defined hereinbelow), shall bear interest at the maximum average annual interest rate presently estimated to be 5.00% per annum, payable semiannually until the principal sum is paid or provision has been duly made therefor, and shall mature in 20 annual installments. Debt service payments on the Bonds in the years in which the principal is payable shall be substantially equal.

Section 3. It is necessary to issue, and this Council hereby determines that there shall be issued, notes in anticipation of the issuance of the Bonds and to pay principal of and interest on a portion of the Outstanding Bonds.

Section 4. Such anticipatory notes (the "Notes") shall be in the amount of \$5,550,000, or such lesser amount as shall be determined by the Director of Finance and certified to this Council, which sum does not exceed the amount of the Bonds. The Notes shall be dated the date established by the Director of Finance and certified to this Council and shall mature on such date as shall be determined by the Director of Finance and certified to this Council. The Notes shall be issued as fully registered notes in book entry form only, in such denominations as shall be determined by the Director of Finance, but not exceeding the principal amount of Notes maturing on any one date and shall be numbered as determined by the Director of Finance.

The Director of Finance is authorized and directed to execute a Certificate of Fiscal Officer Relating to Terms of Notes (“Certificate of Fiscal Officer”) setting forth the final terms of the Notes including the optional or mandatory redemption provisions for the Notes, if any, consistent with the requirements of this ordinance.

Section 5. The Notes shall be the full general obligation of the City, and the full faith, credit and revenue of the City are hereby pledged for the prompt payment of the same. The par value to be received from the sale of 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 and are hereby pledged for such purpose.

Section 6. There shall be and is hereby levied annually on all the taxable property in the City, in addition to all other taxes and inside the ten mill limitation, a direct tax (the “Debt Service Levy”) for each year during which any of the Notes are outstanding, in an amount not less than that which would have been levied if the Bonds had been issued without the prior issuance of the Notes, for the purpose of providing, and in an amount which is sufficient to provide, funds to pay interest upon the Notes as and when the same falls due and to provide a fund for the repayment of the principal of the Notes at maturity or upon redemption. The Debt Service Levy shall not be less than the interest and sinking fund tax required by Article XII, Section 11 of the Ohio Constitution.

Section 7. The Debt Service Levy 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 for each of such years are certified, extended and collected. The Debt Service Levy shall be placed before and in preference to all other items and for the full amount thereof. The funds derived from the Debt Service Levy shall be placed in a separate and distinct fund, which shall be irrevocably pledged for the payments of the premium, if any, and interest on and principal of the Notes and Bonds when and as the same falls due. Notwithstanding the foregoing, if the City determines that funds will be available from other sources for the payment of the Notes and Bonds in any year, including payments made by the YMCA pursuant to the Operating Agreement, the amount of the Debt Service Levy for such year shall be reduced by the amount of funds which will be so available, and the City shall appropriate such funds to the payment of the Notes and Bonds in accordance with law.

Section 8. The Notes shall bear interest, based on a 360-day year of twelve 30-day months, payable at maturity, at such rate per annum as shall be determined by the Director of Finance and certified to this Council, provided that such rate shall not exceed 4.00% per annum. The Notes shall be, and hereby are, awarded and sold to Fifth Third Securities, Inc., Cleveland, Ohio (the “Original Purchaser”), at the par value thereof. The Director of Finance is hereby authorized and directed to deliver the Notes, when executed, to said purchaser upon payment of the purchase price and accrued interest, if any, to the date of delivery. (the “Original Purchaser”). The proceeds of such sale, except any accrued interest or premium thereon, shall be deposited in the Escrow Fund sale shall be transferred to the bond retirement fund to be applied to the payment of the principal of and interest on the Notes, or other obligations of the City, as permitted by law. Any premium received from the sale of the Notes may be used to pay the financing costs of the Notes within the meaning of Ohio Revised Code Section 133.01(K) or be deposited into the bond retirement fund.

Section 9. The Notes shall be executed by the Director of Finance and the Mayor, provided that any and all of such signatures may be a facsimile, shall be designated “City of North Royalton, Ohio Various Purpose Refunding Notes, Series 2019 (Federally Taxable),” or as otherwise designated by the Director of Finance, and shall be payable as to both principal and interest at the office of Note Registrar (as defined hereinbelow). The Notes shall express upon their faces the purpose for which they are issued and that they are issued pursuant to this ordinance. No Note shall be valid or become obligatory for any purpose or shall be entitled to any security or benefit under this ordinance unless and until a certificate of authentication, as printed on the Notes, is signed by the Note Registrar as authenticating agent. Authentication by the Note Registrar shall be conclusive evidence that the Notes so authenticated have been duly issued and delivered under this ordinance and are entitled to the security and benefit of this ordinance. The certificate of authentication may be signed by any officer or officers of the Note Registrar or by such other person acting as an agent of the Note Registrar as shall be approved by the Director of Finance on behalf of the City. It shall not be necessary that the same authorized person sign the certificate of authentication on all of the Notes.

Section 10. The Director of Finance is authorized and directed to serve as authenticating agent, note registrar, transfer agent, and paying agent for the Notes (collectively, the “Note Registrar”) or to execute on behalf of the City a Note Registrar Agreement with such bank or other appropriate financial institution as shall be acceptable to the Director of Finance and the Original Purchaser, pursuant to which such bank or financial institution shall agree to serve as Note Registrar. If at any time the Note Registrar shall be

unable or unwilling to serve as such, or the Director of Finance, in such officer's discretion, shall determine that it would be in the best interest of the City for such functions to be performed by another party, the Director of Finance may, and is hereby authorized and directed to, enter into an agreement with a national banking association or other appropriate institution experienced in providing such services, to perform the services required of the Note Registrar hereunder. Each such successor Note Registrar shall promptly advise all noteholders of the change in identity and new address of the Note Registrar. So long as any of the Notes remain outstanding, the City shall cause to be maintained and kept by the Note Registrar, at the office of the Note Registrar, all books and records necessary for the registration, exchange and transfer of Notes as provided in this section (the "Note Register"). Subject to the provisions of this ordinance, the person in whose name any Note shall be registered on the Note Register shall be regarded as the absolute owner thereof for all purposes. Payment of or on account of the principal of and interest on any Note shall be made only to or upon the order of that person. Neither the City nor the Note Registrar shall be affected by any notice to the contrary, but the registration may be changed as herein provided. All payments shall be valid and effectual to satisfy and discharge the liability upon the Notes, including the interest thereon, to the extent of the amount or amounts so paid.

Any Notes, upon presentation and surrender at the designated office of the Note Registrar, together with a request for exchange signed by the registered owner or by a person authorized by the owner to do so by a power of attorney in a form satisfactory to the Note Registrar, may be exchanged for Notes of the same form and of any authorized denomination or denominations equal in the aggregate to the unmatured principal amount of the Notes surrendered, and bearing interest at the same rate and maturing on the same date.

A Note may be transferred only on the Note Register upon presentation and surrender thereof at the designated office of the Note Registrar, together with an assignment executed by the registered owner or by a person authorized by the owner to do so by a power of attorney in a form satisfactory to the Note Registrar. Upon that transfer, the Note Registrar shall complete, authenticate and deliver a new Note or Notes of any authorized denomination or denominations equal in the aggregate to the unmatured principal amount of the Notes surrendered, and bearing interest at the same rate and maturing on the same date.

In all cases in which Notes are exchanged or transferred hereunder, the City shall cause to be executed and the Note Registrar shall authenticate and deliver Notes in accordance with the provisions of this Ordinance. The exchange or transfer shall be without charge to the owner; except that the City and Note Registrar may make a charge sufficient to reimburse them for any tax or other governmental charge required to be paid with respect to the exchange or transfer. The City or the Note Registrar may require that those charges, if any, be paid before it begins the procedure for the exchange or transfer of the Notes. All Notes issued upon any transfer or exchange shall be the valid obligations of the City, evidencing the same debt, and entitled to the same benefits under this Ordinance, as the Notes surrendered upon that transfer or exchange.

Section 11. For purposes of this ordinance, the following terms shall have the following meanings:

"Book entry form" or "book entry system" means a form or system under which (i) the beneficial right to payment of principal of and interest on the Notes may be transferred only through a book entry and (ii) physical Notes in fully registered form are issued only to a depository or its nominee as registered 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 those Notes.

"Depository" means any securities depository that is a clearing agency under federal law operating and maintaining, together with its participants, a book entry system to record beneficial ownership of Notes, and to effect transfers of Notes, in book entry form, and includes The Depository Trust Company (a limited purpose trust company), New York, New York.

All or any portion of the Notes may be initially issued to a Depository for use in a book entry system, and the provisions of this section shall apply, notwithstanding any other provision of this ordinance: (i) there shall be a single Note of each maturity; (ii) those Notes shall be registered in the name of the Depository or its nominee, as registered owner, and immobilized in the custody of the Depository; (iii) the beneficial owners in book entry form shall have no right to receive Notes in the form of physical securities or certificates; (iv) ownership of beneficial interests in any Notes in book entry form shall be shown by book entry on the system maintained and operated by the Depository, and transfers of the ownership of beneficial interests shall be made only by the Depository and by book entry; and (v) 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 City. Debt service charges on Notes in book entry form registered in the name of a Depository or its nominee shall be payable in same day funds delivered to the

Depository or its authorized representative upon presentation and surrender of Notes as provided in this ordinance.

The Note Registrar may, with the approval of the City, enter into an agreement with the beneficial owner or registered owner of any Note in the custody of a Depository providing for making all payments to that owner of principal and interest on that Note or any portion thereof (other than any payment of the entire unpaid principal amount thereof) at a place and in a manner (including wire transfer of federal funds) other than as provided above in this ordinance, without prior presentation or surrender of the Note, upon any conditions which shall be satisfactory to the Note Registrar for the Notes and the City. That payment in any event shall be made to the person who is the registered owner of that Note on the date that principal is due, or, with respect to the payment of interest, as of the applicable date agreed upon as the case may be. The Note Registrar for the Notes will furnish a copy of each of those agreements, certified to be correct by the Note Registrar for the Notes, to other Note Registrars for Notes and to the City. Any payment of principal or interest pursuant to such an agreement shall constitute payment thereof pursuant to, and for all purposes of, this ordinance.

If requested, the Mayor, Director of Finance, Clerk of Council, or any other officer of the City is authorized and directed to execute, acknowledge and deliver, in the name of and on behalf of the City, a letter agreement among the City, the Note Registrar for the Notes and The Depository Trust Company, as Depository, to be delivered in connection with the issuance of the Notes to the Depository for use in a book entry system in substantially the form submitted to 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 City and the Note Registrar for the Notes may attempt to have established a securities depository/book entry relationship with another qualified Depository under this ordinance. If the City and the Note Registrar for the Notes do not or are unable to do so, the City and the Note Registrar for the Notes, after the Note Registrar for the Notes has made provision for notification of the beneficial owners by the then Depository, shall permit withdrawal of the Notes from the Depository and authenticate and deliver note certificates in fully registered form to the assigns of the Depository or its nominee, all at the cost and expense (including costs of printing definitive Notes), if the event is not the result of action or inaction by the City or the Note Registrar for the Notes, of those persons requesting such issuance.

The City may decide to discontinue use of the book-entry system through the Depository. In that event, physical Note certificates will be printed and delivered to the Depository.

Section 12. There is hereby created and established, as an account within the bond retirement fund of the City, a trust fund to be designated “City of North Royalton– 2019 Refunding Notes Escrow Fund” (the “Escrow Fund”), or as otherwise designated by the Director of Finance, which account may be in the custody of a bank or trust company as escrow trustee, if desired. The proceeds from the sale of the Notes, except the accrued interest thereon, and premium thereon, if any, shall be deposited in the Escrow Fund, along with such funds, if any, as the Director of Finance may transfer from the bond retirement fund. Such moneys deposited in the Escrow Fund may be (i) held as cash or (ii) used to purchase direct obligations of or obligations guaranteed as to payment by the United States of America of such maturities and interest payment dates and bearing interest at such rates as will, as certified by such independent public accounting firm as shall be acceptable to the Director of Finance and the Original Purchaser without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to pay the interest on, and the redemption price (including any redemption premium) of, the Refunded Bonds on the earliest optional redemption date for the Refunded Bonds. The Director of Finance is also authorized, if necessary or desirable to facilitate the refunding of the Refunded Bonds, to engage a consultant to verify the sufficiency of the cash or other obligations held in the Escrow Fund to refund the Refunded Bonds on such redemption date.

Any accrued interest received from the sale of the Notes shall be transferred to the bond retirement fund to be applied to the payment of the principal of and interest on the Notes, or other obligations of the City, as permitted by law. Any premium received from the sale of the Notes may be used to pay the financing costs of the Notes within the meaning of Ohio Revised Code Section 133.01(K) or be deposited into the bond retirement fund, including the Escrow Fund contained therein, in the manner provided by law.

The Director of Finance is hereby authorized to execute on behalf of the City an Escrow Agreement (the “Escrow Agreement”) with a bank or trust company to be selected by the Director of Finance (the “Escrow Trustee”), setting forth the terms by which the Escrow Fund shall be held and disbursed, if the Director of Finance determines that an Escrow Agreement is necessary or beneficial to facilitate the refunding of the Refunded Bonds. Such an Escrow Agreement shall be in such form, not inconsistent with this Resolution, as the Director of Finance shall determine

Section 13. The Director of Finance, on behalf of the City, is hereby authorized to appoint the firm of MAS Financial Advisory Services, to serve as municipal advisor to the City in connection with the issuance of the Notes. The fees to be paid to such firm shall be subject to review and approval of the Director of Finance, shall not exceed the fees customarily charged for such services, and shall be paid upon closing of the financing from proceeds of the Notes.

Section 14. The officer having charge of the minutes of the Council and any other officers of the City, or any of them individually, are hereby authorized and directed to prepare and certify a true transcript of proceedings pertaining to the Notes and to furnish a copy of such transcript to the Original Purchaser. Such transcript shall include certified copies of all proceedings and records of the Council relating to the power and authority of the City to issue the Notes and certificates as to matters within their knowledge or as shown by the books and records under their custody and control, including but not limited to a general certificate of the Director of Finance and a no-litigation certificate of the Mayor and the Director of Finance, and such certified copies and certificates shall be deemed representations of the City as to the facts stated therein.

This Council further hereby authorizes and directs the Mayor, the Law Director, the Director of Finance, the Clerk of Council, or other appropriate officers of the City to prepare and sign all agreements and instruments and to take any other actions, including the appointment of Bricker & Eckler LLP as bond counsel, as may be appropriate to implement this Ordinance.

Section 15. The Director of Finance, the Mayor, the Law Director, and any other officer of the City or of the Council are hereby authorized and directed to take such action (including, but not limited to, hiring such professionals or consultants as may be needed to facilitate the issuance of the Notes) and to execute and deliver, on behalf of the City, such additional instruments, agreements, certificates, and other documents as may be in their discretion necessary or appropriate in order to carry out the intent of this Ordinance. Such documents shall be in the form not substantially inconsistent with the terms of this Ordinance, as they in their discretion shall deem necessary or appropriate.

Section 16. It is hereby found and determined that all formal actions of this Council concerning and relating to the adoption of this ordinance were adopted in an open meeting of this Council, and that all deliberations of this Council and of any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with all legal requirements including Section 121.22 of the Ohio Revised Code.

Section 17. 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 happened, been done and been performed in regular and due form as required by law; that the full faith, credit and revenue of the City are hereby irrevocably pledged for the prompt payment of the principal and interest thereof at maturity; and that no limitation of indebtedness or taxation, either statutory or constitutional, has been exceeded in issuing the Notes.

Section 18. The Clerk of Council is hereby directed to forward a certified copy of this Ordinance to the Auditor of Cuyahoga County, Ohio.

Section 19. This ordinance is hereby declared to be an emergency measure necessary for the preservation of the public peace, health and safety of the City and its inhabitants for the reason that this ordinance must be immediately effective for the reason that the City needs to refund the Outstanding Bonds prior to December 1, 2019 in accordance with the amended Operating Agreement; wherefore this ordinance shall take effect and be in force from and immediately after its adoption.

/s/ Larry Antoskiewicz  
PRESIDENT OF COUNCIL

APPROVED: /s/ Robert A. Stefanik  
MAYOR

DATE PASSED: September 17, 2019

DATE APPROVED: September 18, 2019

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

First reading September 3, 2019  
Second reading suspended  
Third reading September 17, 2019

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

NAYS: none

**CERTIFICATE**

The undersigned Clerk of Council hereby certifies that the foregoing is a true copy of ordinance No. \_\_\_\_\_ duly adopted by the City Council of City of North Royalton, Ohio on \_\_\_\_\_, 2019 and that a true copy thereof was certified to the County Fiscal Officer of Cuyahoga County, Ohio, on \_\_\_\_\_, 2019.

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Director of Legislative Services  
City of North Royalton, Ohio

**CERTIFICATE OF ESTIMATED USEFUL LIFE AND MAXIMUM MATURITY**

To: The City Council of the  
City of North Royalton, Ohio

The undersigned Director of Finance of the City of North Royalton, Ohio as the fiscal officer of said City, hereby certifies as follows:

1. The estimated life of the improvements described as follows exceeds five years:

constructing, renovating, furnishing and equipping a municipal recreational facility at 11409 State Road, North Royalton, Ohio (the "Improvements");

2. The maximum maturity of the bonds proposed to be issued for the purpose of refunding a portion of the City's \$7,435,000 Various Purpose General Obligation Bonds (Limited Tax), Series 2014, dated May 21, 2014 (the "Refunded Bonds"), issued for the purpose of paying a portion of the cost of Improvements cannot exceed the last maturity permitted by law for the Refunded Bonds; and

3. The maximum maturity of the Refunded Bonds, based on the assets financed and determined in accordance with Ohio Revised Code Section 133.20, was 25 years at the time of issuance of the Refunded Bonds and, therefore, the last maturity permitted by law for bonds issued to refund the Refunded Bonds is December 1, 2039; provided that if notes are issued in anticipation of the issuance of such bonds, the maximum maturity of such notes is 11 years.

Dated: \_\_\_\_\_, 2019

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Director of Finance  
City of North Royalton, Ohio

**RECEIPT OF COUNTY FISCAL OFFICER FOR  
LEGISLATION PROVIDING  
FOR THE ISSUANCE OF  
GENERAL OBLIGATION NOTES**

I, Dennis G. Kennedy, the duly elected, qualified, and acting County Fiscal Officer in and for Cuyahoga County, Ohio hereby certify that a certified copy of an ordinance duly adopted by the City Council of the City of North Royalton, Ohio, on \_\_\_\_\_, 2019, providing for the issuance of general obligation notes designated City of North Royalton, Ohio Various Purpose Refunding Notes, Series 2019 (Federally Taxable), in the amount of not to exceed \$5,550,000 was filed in this office on \_\_\_\_\_, 2019.

WITNESS my hand and official seal at North Royalton, Ohio this \_\_\_\_ day of \_\_\_\_\_, 2019.

[SEAL]

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County Fiscal Officer  
Cuyahoga County, Ohio