

TEMPORARY ORDINANCE NO. 17-14

PERMANENT ORDINANCE NO. _____

AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF A BOND IN THE PRINCIPAL AMOUNT OF TWO HUNDRED FOUR THOUSAND TWO HUNDRED DOLLARS (\$204,200) FOR THE PURPOSE OF PAYING COSTS OF IMPROVING ETY ROAD, MEMORIAL DRIVE AND MICHAELS WAY BY GRADING, WIDENING, PAVING, CURBING, IMPROVING BRIDGES AND RAILROAD CROSSINGS, RELOCATING UTILITIES, AND INSTALLING SIDEWALKS, TRAFFIC SIGNALS AND SIGNS, AND WATER, SANITARY AND STORM WATER LINES AND FACILITIES, AND DECLARING AN EMERGENCY.

WHEREAS, pursuant to Ordinance No. 15-13 passed August 26, 2013, a note in anticipation of bonds in the amount of \$212,500, dated October 10, 2013, was issued for the purpose stated in Section 1, to mature October 9, 2014 (the "Outstanding Note"); and

WHEREAS, this Council finds and determines that the City should retire the Outstanding Note with the proceeds of the Bond described in Section 3 and other funds available to the City; and

WHEREAS, the Auditor as fiscal officer of this City has certified to this Council that the estimated life or period of usefulness of the improvement described in Section 1 is at least five years, the estimated maximum maturity of the Bonds described in Section 1 is December 1, 2031;

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Lancaster, Fairfield County, Ohio, that:

SECTION 1. Definitions and Interpretation. In addition to the words and terms defined elsewhere in this ordinance, unless the context or use clearly indicates another or different meaning or intent:

"Auditor" means the Auditor of the City.

"Authorized Denominations" means the denomination of \$100 or any integral multiple thereof.

"Bond" means the City's Street Improvement Bond, Series 2014 authorized by this ordinance.

"Bond Register" means all books and records necessary for the registration, exchange and transfer of the Bond as provided by this ordinance.

"Bond Registrar" means the Treasurer, as the initial authenticating agent, bond registrar, transfer agent and paying agent for the Bond and until a successor Bond Registrar shall have become such pursuant to the provisions of this ordinance and, thereafter, "Bond Registrar" shall mean the successor Bond Registrar.

“Business Day” means any day, other than a Saturday or Sunday, on which banks located in the city in which the office of the Bond Registrar is located are not required or authorized or not prohibited, to be closed and on which the New York Stock Exchange and the office of the Bond Registrar are open.

“City” means the City of Lancaster, Ohio.

“Clerk” means the Clerk of Council.

“Closing Date” means October 8, 2014.

“Council” means the Council of the City.

“Improvement” means improving Ety Road, Memorial Drive and Michaels Way by grading, widening, paving, curbing, improving bridges and railroad crossings, relocating utilities, and installing sidewalks, traffic signals and signs, and water, sanitary and storm water lines and facilities, together with all necessary appurtenances thereto.

“Interest Payment Dates” means December 1 of each year that the Bond is outstanding, commencing December 1, 2015; provided that if an Interest Payment Date is not a Business Day, then interest shall be paid on the next succeeding Business Day.

“Original Purchaser” means the Treasurer as the investment authority of the City or the purchaser of the Bond at private sale pursuant to Section 5.

“Principal Payment Dates” means December 1 in each of the years from and including 2015 to and including 2031; provided that if a Principal Payment Date is not a Business Day, then principal shall be paid on the next succeeding Business Day.

“Treasurer” means the Treasurer of the City.

“Treasury Investment Board” means the treasury investment board established by the City pursuant to Ohio Revised Code Chapter 135.

SECTION 2. Authorized Principal Amount; Application of Proceeds. It is necessary and determined to be in the City’s best interest to issue its Street Improvement Bond, Series 2014 in the principal amount of \$204,200 to retire, along with other moneys of the City, the Outstanding Note.

Proceeds from the sale of the Bond, except for any accrued interest, shall be deposited into the Bond Retirement Fund and used to retire the Outstanding Note. Any accrued interest from the sale of the Bond shall be deposited into the Bond Retirement Fund and used to pay interest on the Bond when due. All interest earned on amounts on deposit in any fund derived from the proceeds from the sale of the Bond (including interest earned on such interest) shall be credited to the General Fund. All of the proceeds from the sale of the Bond and interest earned on those proceeds (and the interest on such interest) are hereby appropriated for the purposes set forth above.

SECTION 3. Denominations; Dating; Principal and Interest Payment and Redemption Provisions. The Bond shall be issued as a single registered bond representing the entire principal amount of the Bond. The Bond shall be dated the Closing Date.

(a) Interest Rates and Payment Dates. The Bond shall bear interest at the rate of 4.0% per year (computed on a 360-day year consisting of twelve 30-day months). Interest on the Bond shall be payable at such rate on the Interest Payment Dates until the principal amount has been paid or provided for. The Bond shall bear interest from the most recent date to which interest has been paid or provided for or, if no interest has been paid or provided for, from its date.

(b) Maturity Date. The Bond shall mature on December 1, 2031.

(c) Payment of Bond. The principal of and interest on the Bond shall be payable in lawful money of the United States of America without deduction for the services of the Bond Registrar as paying agent. The principal of the Bond due on the final Principal Payment Date shall be payable upon presentation and surrender of the Bond at the office of the Bond Registrar. The principal of the Bond due on all other Principal Payment Dates pursuant to mandatory sinking fund redemption shall be payable pursuant to Section 3(d)(iii). Interest on the Bond shall be paid on each Interest Payment Date by check or draft mailed to the person in whose name the Bond was registered, and to that person's address appearing on the Bond Register at the close of the 15th day of the calendar month next preceding that Interest Payment Date.

(d) Redemption Provisions. The Bond shall be subject to redemption prior to stated maturity as follows:

(i) Mandatory Sinking Fund Redemption. The Bond shall be subject to mandatory sinking fund redemption (with the balance of \$16,100 to be paid at its stated maturity on December 1, 2031) at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date, on the Principal Payment Dates in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2015	\$ 8,600	2023	\$11,800
2016	9,000	2024	\$12,300
2017	9,300	2025	12,700
2018	9,700	2026	13,300
2019	10,100	2027	13,800
2020	10,500	2028	14,300
2021	10,900	2029	14,900
2022	11,300	2030	15,600

(ii) Optional Redemption. The Bond is subject to redemption prior to its stated maturity by and at the sole option of the City, in whole, on any date, at a

redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date.

(iii) Partial Redemption. In the case of partial redemption of the Bond by mandatory sinking fund redemption, the registered owner of the Bond shall surrender the Bond to the Bond Registrar (i) for payment of the redemption price of the portion of the Bond called for redemption, and (ii) issuance, without charge to the registered owner, of a new Bond in the principal amount equal to the unmatured and unredeemed portion of the Bond; provided, however, so long as the Original Purchaser is the registered owner of the Bond, payment of the redemption price shall be paid on the applicable Principal Payment Date by check or draft mailed to the Original Purchaser at the Original Purchaser's address appearing on the Bond Register, and the Bond Registrar shall make a notation of the payment of the redemption on the Bond Register.

(iv) Notice of Redemption. The notice of the call for redemption of the Bond, or any portion thereof, shall identify (A) by designation, letters, numbers or other distinguishing marks, the Bond or portions thereof to be redeemed, (B) the redemption price to be paid, (C) the date fixed for redemption, and (D) the place or places where the amounts due upon redemption are payable. The notice shall be given by the Bond Registrar on behalf of the City by mailing a copy of the redemption notice by first class mail, postage prepaid, at least 30 days prior to the date fixed for redemption, to the registered owner of the Bond at the registered owner's address shown on the Bond Register maintained by the Bond Registrar at the close of business on the fifteenth day preceding that mailing. Failure to receive notice by mail or any defect in that notice shall not affect the validity of the proceedings for the redemption of the Bond.

(v) Payment of Redeemed Bond. Notice having been mailed in the manner provided in the preceding paragraph hereof, the Bond or portion thereof called for redemption shall become due and payable on the redemption date, and, upon presentation and surrender thereof at the place or places specified in that notice, shall be paid at the redemption price, plus interest accrued to the redemption date. If money for the redemption of all of the Bond or portions thereof to be redeemed, together with interest accrued thereon to the redemption date, is held by the Bond Registrar on the redemption date, so as to be available therefore on that date and, if notice of redemption has been deposited in the mail as aforesaid, then from and after the redemption date the Bond or portions thereof called for redemption shall cease to bear interest and no longer shall be considered to be outstanding. If that money shall not be so available on the redemption date, or that notice shall not have been deposited in the mail as aforesaid, the Bond or portions thereof shall continue to bear interest, until they are paid, at the same rate as they would have borne had they not been called for redemption. All money held by the Bond Registrar for the redemption of the Bond or portions thereof shall be held in trust for the account of the registered owner thereof and shall be paid to the registered owner.

SECTION 4. Signing and Authentication of Bond; Appointment of Bond Registrar.

(a) Signing and Authentication of Bond. The Bond shall be signed by the Mayor and the Auditor, in the name of the City and in their official capacities, provided that any or all of those

signatures may be a facsimile. The Bond shall be numbered as determined by the Auditor in order to distinguish the Bond from any other Bond, and shall express upon its face the purpose, in summary terms, for which it is issued and that it is issued pursuant to this ordinance.

(b) Bond Registrar. The Treasurer is appointed to act as the Bond Registrar for the Bond. The Treasurer may resign as Bond Registrar, or may be removed as Bond Registrar by this Council, at any time after this Council has appointed a banking institution to succeed the Treasurer as Bond Registrar for the Bond, which banking institution shall then be the Bond Registrar for all purposes of this ordinance and the Bond.

The Bond Registrar will complete the Bond to be originally delivered to the Original Purchaser of the Bond by inserting the appropriate information into the Bond forms and will record the name and address of the owner of the Bond in the Bond Register. Bond Registrar will sign the Certificate of Authentication on the Bond to be originally delivered to the Original Purchaser. The Bond Registrar shall hold in safekeeping the Bond forms not originally delivered to the Original Purchaser, and shall notify the City of any need for additional Bond forms in sufficient time to permit an adequate supply to be available for exchange or transfer.

So long as the Bond remains outstanding, the Bond Registrar will maintain and keep at its office the Bond Register. The person in whose name the Bond is registered on the Bond Register shall be regarded as the absolute owner of that Bond for all purposes of this ordinance. Payment of or on account of the principal of and interest on the Bond shall be made only to or upon the order of that person; neither the City nor the Bond Registrar shall be affected by any notice to the contrary, but the registration may be changed as provided in this Section 4. All such payments shall be valid and effectual to satisfy and discharge the City's liability upon the Bond, including interest, to the extent of the amount or amounts so paid.

The Bond may be exchanged upon presentation and surrender at the office of the Bond Registrar, together with a request for exchange signed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Bond Registrar. A Bond may be transferred only on the Bond Register and only upon presentation and surrender of the Bond at the office of the Bond Registrar together with an assignment signed by the owner of the Bond or by a person legally empowered to do so in a form satisfactory to the Bond Registrar. Upon such exchange or transfer, the Bond Registrar shall complete, authenticate and deliver a new Bond in the principal amount equal to the unmaturing principal amount of the Bond.

If manual signatures on behalf of the City are required, the Bond Registrar shall undertake the exchange or transfer of the Bond only after a new Bond is signed by the authorized officers of the City. In all cases of a Bond exchanged or transferred, the City shall sign and the Bond Registrar shall authenticate and deliver a Bond in accordance with the provisions of this ordinance. The exchange or transfer shall be without charge to the registered owner, except that the City and Bond 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 Bond Registrar may require that those charges, costs and expenses, if any, be paid before the procedure is begun for the exchange or transfer. The Bond issued and authenticated upon any exchange or transfer shall be valid obligations of the City, evidencing the same debt, and entitled

to the same security and benefit under this ordinance, as the Bond surrendered upon that exchange or transfer.

The Bond Registrar shall complete, authenticate, deliver and register a new Bond to replace a Bond lost, stolen, destroyed or mutilated upon receiving written instructions to do so from the Auditor together with evidence of indemnification of the City and the Bond Registrar from the owner of the Bond in a form satisfactory to the City and the Bond Registrar.

The Bond Registrar shall cancel any Bond surrendered to it pursuant to this ordinance for payment or retirement or for exchange, replacement or transfer. Written reports of surrender and cancellation of any Bond shall be made to the Auditor by the Bond Registrar at least once each calendar year. Unless otherwise directed by the City or other lawful authority, canceled Bond shall be retained and stored by the Bond Registrar for a period of seven years. After that time, or at any earlier time as authorized by the City, the canceled Bond may, at the direction of the Auditor, be either returned to the City or destroyed by the Bond Registrar by shredding or cremation, and certificates of that destruction (describing the manner of that destruction) shall be provided by the Bond Registrar to the Auditor.

The Bond Registrar shall retain and store the Bond Register for seven years after payment of the Bond. At any time and upon request by the City, the Bond Registrar shall permit the City to inspect the Bond Register and will provide the City with a copy of the Bond Register. Pursuant to Section 9.96 of the Revised Code the Bond Register is not a "public record" under Ohio law. In the event of a request to the Bond Registrar by any person other than the City for inspection of the Bond Register, the Bond Registrar shall notify the Auditor and will not permit that inspection unless it is approved by the Auditor, except that the Bond Registrar may permit an inspection pursuant to an order of a court of competent jurisdiction.

The Bond Registrar shall pay the principal of and interest on the Bond in accordance with this ordinance, but only from money deposited with the Bond Registrar by the City for that purpose. The City shall cause funds to be on deposit with the Bond Registrar in an amount sufficient and available to pay the interest, or principal and interest, then to be due no later than 10:00 a.m. (Ohio time) on the day on which that payment is to be made.

SECTION 5. Sale of the Bond. The Bond is offered at par and accrued interest, if any, to the Treasury Investment Board of the City. If the Bond is not purchased by the Treasury Investment Board of the City, it shall be sold at not less than par at private sale by the Auditor in accordance with law and the provisions of this ordinance. The Auditor shall cause the Bond to be prepared, and have the Bond signed and delivered, together with a true transcript of proceedings with reference to the issuance of the Bond if requested by the original purchaser, to the original purchaser upon payment of the purchase price. The Mayor, the Auditor, the Clerk of Council and other City officials, as appropriate, are each authorized and directed to sign any transcript certificates, financial statements and other documents and instruments and to take such actions as are necessary or appropriate to consummate the transactions contemplated by this ordinance.

SECTION 6. Provisions of Tax Levy. There shall be levied on all the taxable property in the City, in addition to all other taxes, a direct tax annually during the period the Bond is

outstanding in an amount sufficient to pay the principal of and interest on the Bond when due, which tax shall not be less than the interest and sinking fund tax required by Section 11 of Article XII of the Ohio Constitution. The tax shall be within the ten-mill limitation imposed by law, shall be and is 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 those years are certified, levied, extended and collected, and shall be placed before and in preference to all other items and for the full amount thereof. The proceeds of the tax levy shall be placed in the Bond Retirement Fund, which is irrevocably pledged for the payment of the principal of and interest on the Bond when and as the same fall due.

SECTION 7. Engagement of Bond Counsel. The City desires to retain Benesch, Friedlander, Coplan & Aronoff LLP (“Benesch”) as bond counsel to the City in connection with the issuance and sale of the Bond in accordance with the terms and conditions provided in the engagement letter from Benesch now on file with the Clerk of Council. That engagement letter is approved, and the Mayor is authorized to sign and deliver, in the name of and on behalf of the City, the acceptance of that engagement letter in substantially the form now on file with the Clerk of Council with such changes therein that are not materially adverse to the interests of the City and are approved by the Mayor. The signing and delivery of the engagement letter shall be conclusive evidence that any changes therein are not materially adverse to the interests of the City and have been approved by the Mayor.

SECTION 8. Tax Status of the Bond. The City does not intend to represent that the interest on the Bond will be excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and the City is not obligated to take any action to attempt to secure or maintain any such exclusion.

SECTION 9. Satisfaction of Conditions for Bond Issuance. This Council determines that all acts and conditions necessary to be performed by the City or to have been met precedent to and in the issuing of the Bond in order to make it a legal, valid and binding general obligation of the City have been performed and have been met, or will at the time of delivery of the Bond have been performed and have been met, in regular and due form as required by law; that the full faith and credit and general property taxing power (as described in Section 6) of the City are pledged for the timely payment of the principal of and interest on the Bond; and that no statutory or constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Bond.

SECTION 10. Certification and Delivery of Ordinance. The Clerk of Council is directed to deliver a certified copy of this ordinance to the County Auditor.

SECTION 11. Compliance with Open Meeting Requirement. This Council finds and determines that all formal actions of this Council concerning and relating to the passage of this ordinance were taken in an open meeting of this Council and that all deliberations of this Council and of any committees that resulted in those formal actions were in meetings open to the public in compliance with the law.

SECTION 12. Emergency Clause. This ordinance is declared to be an emergency measure necessary for the immediate preservation of the public peace, health and safety of the City and for the further reason that this Ordinance is required to be immediately effective in

order to issue and sell the Bond, which is necessary to enable the City to timely retire the Outstanding Note and thereby preserve its credit; wherefore, this ordinance shall be in full force and effect immediately upon its passage and approval by the Mayor.

Passed: _____ after _____ reading. Vote: Yeas _____ Nays _____

Approved: _____

President of Council

Attest: _____

Mayor

The foregoing is a true and correct copy of Ordinance _____-14 as adopted by the Council of the City of Lancaster, Ohio at its meeting on _____, 2014.

Offered by: _____

Second by: _____

Requested by Finance Committee

I, Teresa Lee Sandy, Clerk of Council do hereby certify that on _____, 2014 and _____, 2014 the Lancaster Eagle Gazette published the summary of this ordinance in accordance with Ohio Revised Code 731.24.

Clerk of Council