



CITY of NOVI CITY COUNCIL

**Agenda Item I
June 18, 2012**

SUBJECT: Approval of Resolution authorizing issuance of 2012 Special Assessment Limited Tax General Obligation Refunding bonds (12 Mile Road Improvements-Fountain Walk-SAD 155).

SUBMITTING DEPARTMENT: City Manager/Finance

CITY MANAGER APPROVAL: 

BACKGROUND INFORMATION:

Due to the current low interest rates in the bond market, and in an effort to facilitate a refunding to save interest expense dollars, we are proposing the attached bond resolution in which the City Manager or the Finance Director could move forward with the refunding bonds. If the refunding bonds are authorized and executed, a full report would be included within one week following the bond sale.

Following this motion sheet are the: (1) Memorandum describing summarized information about the current special assessment bonds and related fund, and (2) Resolution Approving Refunding (including sample bond form).

RECOMMENDED ACTION: Approval of Resolution authorizing issuance of 2012 Special Assessment Limited Tax General Obligation Refunding bonds (12 Mile Road Improvements-Fountain Walk-SAD 155).

	1	2	Y	N
Mayor Gatt				
Mayor Pro Tem Staudt				
Council Member Casey				
Council Member Fischer				

	1	2	Y	N
Council Member Margolis				
Council Member Mutch				
Council Member Wrobel				

MEMORANDUM

6/7/2012

To: Mayor and City Council members
Refunding of SAD bonds on a placed basis for former Fountain Walk project moving forward. Also, flagging the future transfer to SAD Revolving Fund.
Clay



TO: CLAY PEARSON, CITY MANAGER
CC: LEADERSHIP GROUP
FROM: KATHY SMITH-ROY, FINANCE DIRECTOR/TREASURER
SUBJECT: REFUNDING BONDS – 12 MILE RD IMPROVEMENTS SAD
DATE: JUNE 6, 2012

The purpose of this memorandum is to provide preliminary information regarding an item to be included on the June 18, 2012 City Council agenda.

Bendzinski & Co. (financial advisor); Miller, Canfield, Paddock & Stone (bond counsel); and Fifth Third Securities, Inc. (underwriter) have proposed the City consider a refunding bond issue for the remaining four installments on the 2000 Special Assessment Limited Tax Bonds for 12 Mile Road Improvements (Fountain Walk).

Based on the attached draft the savings to the property owner of Fountain Walk over the remaining four installments would be approximately \$500,000. Pursuant to the contract SAD the City receives 1% over the interest rate of the bonds, therefore the City would receive less in interest earnings for the remaining four years. However, the funds that the City will have accumulated for the 1% mark-up over the life of the issue/receivable will be in excess of \$2.6 million and will be transferred to the Special Assessment Revolving Fund after final payments are made and the fund is closed in 2016.

After discussions with you, the City Administration is recommending a resolution to appear on the June 18th City Council agenda which would allow either the City Manager or the Finance Director to execute the negotiated sale of refunding bonds through the City's consultants.

Since the consultant firms above brought the proposal to the City, and because the underwriter discount and costs of issuance will be charged the SAD (will not be borne by the City), there does not appear to be any advantage to competitively bidding these services.

If you have any questions, or need any additional information, please let me know.

City of Novi
County of Oakland, State of Michigan
2012 Special Assessment Limited Tax Refunding Bonds

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City of Novi
 County of Oakland, State of Michigan
 2012 Special Assessment Limited Tax Refunding Bonds

Refunding Summary

Dated 07/15/2012 | Delivered 07/15/2012

Sources Of Funds

Par Amount of Bonds.....	\$4,005,000.00
Reoffering Premium.....	360,958.90
Transfers from Prior Issue Debt Service Funds.....	348,189.00
Total Sources.....	\$4,714,147.90

Uses Of Funds

Total Underwriter's Discount (1.000%).....	40,050.00
Costs of Issuance.....	65,000.00
Deposit to Net Cash Escrow Fund.....	4,606,185.97
Rounding Amount.....	2,911.93
Total Uses.....	\$4,714,147.90

Flow of Funds Detail

State and Local Government Series (SLGS) rates for.....	5/29/2012
Date of OMP Candidates.....	
Net Cash Escrow Fund Solution Method.....	Net Funded
Total Cost of Investments.....	\$4,606,185.97
Interest Earnings @ 0.071%.....	689.03
Total Draws.....	\$4,606,875.00

Issues Refunded And Call Dates

2000 Road Improvement Bonds (SAGO).....	10/01/2012
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PV Analysis Summary (Net to Net)

Net PV Cashflow Savings @ 0.867%(Bond Yield).....	577,148.23
Transfers from Prior Issue Debt Service Fund.....	(348,189.00)
Contingency or Rounding Amount.....	2,911.93
Net Present Value Benefit.....	\$231,871.16
Net PV Benefit / \$4,500,000 Refunded Principal.....	5.153%

Bond Statistics

Average Life.....	2.209 Years
Average Coupon.....	5.0000000%
Net Interest Cost (NIC).....	1.3720660%
Bond Yield for Arbitrage Purposes.....	0.8665456%
True Interest Cost (TIC).....	1.3016458%
All Inclusive Cost (AIC).....	2.0198870%

Novi (Road LTGO), Refundi | SINGLE PURPOSE | 5/31/2012 | 1:11 PM

City of Novi
 County of Oakland, State of Michigan
 2012 Special Assessment Limited Tax Refunding Bonds

Pricing Summary

Maturity	Type	Maturity Value	Coupon	Yield	Yield to Call?	Price	Dollar Price	OIP/(OID)	CUSIP
10/01/2013	Serial	1,340,000.00	5.000%	0.550%	No	105.363%	1,411,864.20	71,864.20	
10/01/2014	Serial	1,335,000.00	5.000%	0.810%	No	109.162%	1,457,312.70	122,312.70	
10/01/2015	Serial	1,330,000.00	5.000%	1.020%	No	112.540%	1,496,782.00	166,782.00	
Total	-	\$4,005,000.00	-	-	-	-	\$4,365,958.90	\$360,958.90	-

Bid Information

Par Amount of Bonds.....	\$4,005,000.00
Reoffering Premium or (Discount).....	360,958.90
Gross Production.....	\$4,365,958.90
Total Underwriter's Discount (1.000%).....	\$(40,050.00)
Bid (108.013%).....	4,325,908.90
Total Purchase Price.....	\$4,325,908.90
Bond Year Dollars.....	\$8,845.50
Average Life.....	2.209 Years
Average Coupon.....	5.0000000%
Net Interest Cost (NIC).....	1.3720660%
True Interest Cost (TIC).....	1.3016458%
All Inclusive Cost (AIC).....	2.0198870%

Novi (Road LTGO), Refundi | SINGLE PURPOSE | 5/31/2012 | 1:11 PM

City of Novi
 County of Oakland, State of Michigan
 2012 Special Assessment Limited Tax Refunding Bonds

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
07/15/2012	-	-	-	-	-
10/01/2012	-	-	42,275.00	42,275.00	42,275.00
04/01/2013	-	-	100,125.00	100,125.00	-
10/01/2013	1,340,000.00	5.000%	100,125.00	1,440,125.00	1,540,250.00
04/01/2014	-	-	66,625.00	66,625.00	-
10/01/2014	1,335,000.00	5.000%	66,625.00	1,401,625.00	1,468,250.00
04/01/2015	-	-	33,250.00	33,250.00	-
10/01/2015	1,330,000.00	5.000%	33,250.00	1,363,250.00	1,396,500.00
Total	\$4,005,000.00	-	\$442,275.00	\$4,447,275.00	-

Yield Statistics

Bond Year Dollars.....	\$8,845.50
Average Life.....	2.209 Years
Average Coupon.....	5.0000000%
Net Interest Cost (NIC).....	1.3720660%
True Interest Cost (TIC).....	1.3016458%
Bond Yield for Arbitrage Purposes.....	0.8665456%
All Inclusive Cost (AIC).....	2.0198870%
IRS Form 8038	
Net Interest Cost.....	0.8349929%
Weighted Average Maturity.....	2.231 Years

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City of Novi
 County of Oakland, State of Michigan
 2012 Special Assessment Limited Tax Refunding Bonds

Debt Service Comparison

Date	Total P+I	Existing D/S	Net New D/S	Old Net D/S	Savings	Fiscal Total
07/15/2012	-	-	(2,911.93)	(348,189.00)	(345,277.07)	-
10/01/2012	42,275.00	1,484,437.50	1,526,712.50	1,591,312.50	64,600.00	(280,677.07)
04/01/2013	100,125.00	-	100,125.00	106,875.00	6,750.00	-
10/01/2013	1,440,125.00	-	1,440,125.00	1,606,875.00	166,750.00	173,500.00
04/01/2014	66,625.00	-	66,625.00	71,250.00	4,625.00	-
10/01/2014	1,401,625.00	-	1,401,625.00	1,571,250.00	169,625.00	174,250.00
04/01/2015	33,250.00	-	33,250.00	35,625.00	2,375.00	-
10/01/2015	1,363,250.00	-	1,363,250.00	1,535,625.00	172,375.00	174,750.00
Total	\$4,447,275.00	\$1,484,437.50	\$5,928,800.57	\$6,170,623.50	\$241,822.93	-

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings.....	577,148.23
Net PV Cashflow Savings @ 0.867%(Bond Yield).....	577,148.23
Transfers from Prior Issue Debt Service Fund.....	(348,189.00)
Contingency or Rounding Amount.....	2,911.93
Net Present Value Benefit.....	\$231,871.16
Net PV Benefit / \$4,500,000 Refunded Principal.....	5.153%

Refunding Bond Information

Refunding Dated Date.....	7/15/2012
Refunding Delivery Date.....	7/15/2012

City of Novi
 County of Oakland, State of Michigan
 2012 Special Assessment Limited Tax Refunding Bonds

Proof Of Bond Yield @ 0.8665456%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
07/15/2012	-	1.0000000x	-	-
10/01/2012	42,275.00	0.9981762x	42,197.90	42,197.90
04/01/2013	100,125.00	0.9938701x	99,511.24	141,709.14
10/01/2013	1,440,125.00	0.9895825x	1,425,122.47	1,566,831.61
04/01/2014	66,625.00	0.9853134x	65,646.50	1,632,478.12
10/01/2014	1,401,625.00	0.9810627x	1,375,082.02	3,007,560.14
04/01/2015	33,250.00	0.9768304x	32,479.61	3,040,039.75
10/01/2015	1,363,250.00	0.9726163x	1,325,919.15	4,365,958.90
Total	\$4,447,275.00	-	\$4,365,958.90	-

Derivation Of Target Amount

Par Amount of Bonds.....	\$4,005,000.00
Reoffering Premium or (Discount).....	360,958.90
Original Issue Proceeds.....	\$4,365,958.90

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City of Novi
 County of Oakland, State of Michigan
 2012 Special Assessment Limited Tax Refunding Bonds

Derivation Of Form 8038 Yield Statistics

Maturity	Issuance Value	Price	Issuance Price	Exponent	Bond Years
07/15/2012	-	-	-	-	-
10/01/2013	1,340,000.00	105.363%	1,411,864.20	1.2111111x	1,709,924.42
10/01/2014	1,335,000.00	109.162%	1,457,312.70	2.2111111x	3,222,280.30
10/01/2015	1,330,000.00	112.540%	1,496,782.00	3.2111111x	4,806,333.31
Total	\$4,005,000.00	-	\$4,365,958.90	-	\$9,738,538.03

IRS Form 8038

Weighted Average Maturity = Bond Years/Issue Price.....	2.231 Years
Total Interest from Debt Service.....	442,275.00
Reoffering (Premium) or Discount.....	(360,958.90)
Total Interest.....	81,316.10
NIC = Interest / (Issue Price * Average Maturity).....	0.8349929%
Bond Yield for Arbitrage Purposes.....	0.8665456%

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City of Novi
 County of Oakland, State of Michigan
 2012 Special Assessment Limited Tax Refunding Bonds

Summary Of Bonds Refunded

	Issue	Maturity	Type	of Bond	Coupon	Maturity Value	Call Date	Call Price
Dated 4/01/2005 Delivered 4/01/2005								
	2000 Road Improvement Bonds (SAGO)	10/01/2013	Serial	Coupon	4.750%	1,500,000	10/01/2012	100.000%
	2000 Road Improvement Bonds (SAGO)	10/01/2014	Serial	Coupon	4.750%	1,500,000	10/01/2012	100.000%
	2000 Road Improvement Bonds (SAGO)	10/01/2015	Serial	Coupon	4.750%	1,500,000	10/01/2012	100.000%
	Subtotal	-			-	\$4,500,000	-	-
	Total	-			-	\$4,500,000	-	-

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City of Novi
 County of Oakland, State of Michigan
 2012 Special Assessment Limited Tax Refunding Bonds

Debt Service To Maturity And To Call

Date	Refunded Bonds	Interest to Call	D/S To Call	Principal	Interest	Refunded D/S	Fiscal Total
10/01/2012	4,500,000.00	106,875.00	4,606,875.00	-	106,875.00	106,875.00	106,875.00
04/01/2013	-	-	-	-	106,875.00	106,875.00	-
10/01/2013	-	-	-	1,500,000.00	106,875.00	1,606,875.00	1,713,750.00
04/01/2014	-	-	-	-	71,250.00	71,250.00	-
10/01/2014	-	-	-	1,500,000.00	71,250.00	1,571,250.00	1,642,500.00
04/01/2015	-	-	-	-	35,625.00	35,625.00	-
10/01/2015	-	-	-	1,500,000.00	35,625.00	1,535,625.00	1,571,250.00
Total	\$4,500,000.00	\$106,875.00	\$4,606,875.00	\$4,500,000.00	\$534,375.00	\$5,034,375.00	-

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation.....	7/15/2012
Average Life.....	2.211 Years
Average Coupon.....	5.3706030%
Weighted Average Maturity (Par Basis).....	2.211 Years

Refunding Bond Information

Refunding Dated Date.....	7/15/2012
Refunding Delivery Date.....	7/15/2012

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City of Novi
 County of Oakland, State of Michigan
 2012 Special Assessment Limited Tax Refunding Bonds

Escrow Fund Cashflow

Date	Principal	Rate	Interest	Receipts	Disbursements	Cash Balance
07/15/2012	-	-	-	0.97	-	0.97
10/01/2012	4,606,185.00	0.070%	689.03	4,606,874.03	4,606,875.00	-
Total	\$4,606,185.00	-	\$689.03	\$4,606,875.00	\$4,606,875.00	-

Investment Parameters

Investment Model [PV, GIC, or Securities].....	Securities
Default investment yield target.....	Bond Yield
Cash Deposit.....	0.97
Cost of Investments Purchased with Bond Proceeds.....	4,606,185.00
Total Cost of Investments.....	\$4,606,185.97
Target Cost of Investments at bond yield.....	\$4,598,473.18
Actual positive or (negative) arbitrage.....	(7,712.79)
Yield to Receipt.....	0.0708647%
Yield for Arbitrage Purposes.....	0.8665456%
State and Local Government Series (SLGS) rates for.....	5/29/2012

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**RESOLUTION AUTHORIZING
2012 SPECIAL ASSESSMENT REFUNDING BONDS
(LIMITED TAX GENERAL OBLIGATION)**

**CITY OF NOVI
COUNTY OF OAKLAND, STATE OF MICHIGAN**

Minutes of a regular meeting of the City Council of the City of Novi, County of Oakland, State of Michigan (the "City"), held on June 18, 2012 at 7:00 p.m., Eastern Daylight Time.

PRESENT: Members: _____

ABSENT: Members: _____

The following preamble and resolution were offered by Member _____ and supported by Member _____:

WHEREAS, the City has previously issued its 2000 Special Assessment Limited Tax Bonds, dated as of September 1, 2000, which are currently outstanding in the aggregate principal amount of \$5,950,000 (the "Prior Bonds") for the purpose of paying the cost of certain public improvements in Special Assessment District No. 155 in the City (the "District"), together with related costs and financing costs; and

WHEREAS, Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), permits the City to refund all or part of the outstanding securities of the City; and

WHEREAS, the City has been advised that it may achieve interest cost savings on its obligations through the refunding of all or a portion of the Prior Bonds, tentatively those maturing on October 1 in the years 2013 through 2015 (the "Refunded Bonds"); and

WHEREAS, the City Council determines that it is in the best interest of the City to issue a series of refunding bonds in an aggregate principal amount of not to exceed \$5,290,000 for the purpose of refunding all or a portion of the Prior Bonds in order to achieve interest cost savings for the benefit of the City; and

WHEREAS, the City has received a proposal from Fifth Third Securities, Inc. (the "Underwriter") to purchase the Bonds pursuant to a negotiated sale.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Authorization of Bonds; Bond Terms. Bonds of the City designated 2012 SPECIAL ASSESSMENT REFUNDING BONDS (LIMITED TAX GENERAL OBLIGATION) (the "Bonds") are authorized to be issued in the aggregate principal sum of not to exceed Five Million Two Hundred Ninety Thousand Dollars (\$5,290,000) for the purpose of paying the cost of refunding the Refunded Bonds, including costs incidental to the issuance, sale and delivery of the Bonds. The issue shall consist of bonds in fully-registered form of the denomination of \$5,000, or multiples thereof not exceeding for each maturity the maximum principal amount of

that maturity, numbered consecutively in order of registration. The Bonds will be dated as of the date of delivery (or such other date as determined at the time of sale thereof), be payable on October 1 in the years 2013 to 2015, inclusive (or such other dates as determined at the time of sale thereof), in the annual amounts determined at the time of sale. The Bonds may be subject to optional or mandatory redemption prior to maturity as determined at the time of sale. The Bonds shall be sold at a price not less than 98% of their par value. The Underwriter's Discount shall not exceed 1.00% of the par amount of the Bonds.

The Bonds shall be sold through a negotiated sale and shall be awarded, subject to the parameters of this resolution, upon entry of an order by either the City Manager or the Finance Director/ Treasurer (each an "Authorized Officer").

The Bonds shall bear interest at a rate or rates to be determined at the time of sale thereof, but in any event not to exceed five percent (5%) per annum, payable on April 1, 2013 (or such other date as determined at the time of sale thereof), and semiannually thereafter, by check or draft mailed by the Transfer Agent (as hereinafter defined) to the registered owner of record as of the 15th day of the month prior to the payment date for each interest payment. The record date of determination of registered owner for purposes of payment of interest as provided in this paragraph may be changed by the City to conform to market practice in the future.

The principal of the Bonds shall be payable at a bank or trust company to be appointed by an Authorized Officer to act as registrar, transfer agent and paying agent for the Bonds (the "Transfer Agent"). The City may designate another bank or trust company to serve as transfer agent upon notice to the registered owner of the Bonds not less than sixty (60) days prior to an interest payment date.

2. Execution of Bonds. The Bonds of this issue shall be executed in the name of the City with the manual or facsimile signatures of the Mayor and the City Clerk and shall have the seal of the City, or a facsimile thereof, printed or impressed on the Bonds. No Bond bearing facsimile signatures shall be valid until authenticated by an authorized officer or representative of the Transfer Agent. The Bonds shall be delivered to the Transfer Agent for authentication and be delivered by the Transfer Agent to the purchaser or other person in accordance with instructions from the City Treasurer upon payment of the purchase price for the Bonds in accordance with the bid therefor when accepted.

The Bonds may be issued in book-entry-only form through The Depository Trust Company in New York, New York ("DTC"), and the Authorized officers are authorized to execute such custodial or other agreement with the DTC as may be necessary to accomplish the issuance of the Bonds in book-entry-only form and to make such changes in the bond form within the parameters of this Resolution as may be required to accomplish the foregoing.

3. Transfer of Bonds. The Transfer Agent shall keep the books of registration for this issue on behalf of the City. Any Bond may be transferred upon such registration books by the registered owner of record, in person or by the registered owner's duly authorized attorney, upon surrender of the Bond for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Transfer Agent. Whenever any Bond or Bonds shall be surrendered for transfer, the City shall execute and the Transfer Agent shall authenticate

and deliver a new Bond or Bonds, for like aggregate principal amount. The Transfer Agent shall require the payment by the bondholder requesting the transfer of any tax or other governmental charge required to be paid with respect to the transfer.

4. Limited Tax Pledge; Debt Retirement Fund; Defeasance of Bonds. The City Treasurer is authorized and directed to open a depository account with a bank or trust company, or establish an account on the books of the City to be designated 2012 SPECIAL ASSESSMENT REFUNDING BONDS (LIMITED TAX GENERAL OBLIGATION) DEBT RETIREMENT FUND (the "Debt Retirement Fund"), the moneys to be deposited into the Debt Retirement Fund to be specifically earmarked and used solely for the purpose of paying principal of and interest on the Bonds as they mature.

The City shall deposit into the Debt Retirement Fund the collections of principal and interest on the special assessment roll relating to the District and the Prior Bonds. If at any time moneys in the Debt Retirement Fund are insufficient to pay the principal of and interest on the Bonds as they becomes due, the City shall advance from its general funds as a first budget obligation a sufficient amount of money to pay such principal and interest and, if necessary, levy taxes on all taxable property in the City for such purpose, subject to applicable charter, constitutional, and statutory tax rate limitations.

In the event cash or direct obligations of the United States or obligations the principal of and interest on which are guaranteed by the United States, or a combination thereof, the principal of and interest on which, without reinvestment, come due at times and in amounts sufficient to pay at maturity the principal of, premium, if any, and interest on the Bonds, shall be deposited in trust, this resolution shall be defeased and the owners of the Bonds shall have no further rights under this resolution except to receive payment of the principal of, premium, if any, and interest on the Bonds from the cash or securities deposited in trust and the interest and gains thereon and to transfer and exchange Bonds as provided herein.

5. Issuance Fund; Proceeds of Bond Sale. The City Treasurer is authorized and directed to open a separate depository account with a bank or trust company or establish a separate account on the books of the City, to be designated 2012 SPECIAL ASSESSMENT REFUNDING BONDS (LIMITED TAX GENERAL OBLIGATION) BONDS ISSUANCE FUND (the "Issuance Fund") and deposit into the Issuance Fund a portion of the proceeds of the Bonds sufficient to pay the costs of issuance of the Bonds. The moneys in the Issuance Fund shall be used solely to pay the costs of issuance of the Bonds. Any amounts remaining in the Issuance Fund after payment of issuance expenses shall be transferred to the Debt Retirement Fund for the Bonds.

The balance of the proceeds of the Bonds, together with other available funds of the City, if any, shall be deposited in an escrow fund (the "Escrow Fund") consisting of cash and investments in direct obligations of or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America or other obligations the principal of or interest on which are fully secured by the foregoing not redeemable at the option of the City in amounts fully sufficient to pay the principal of and interest on the Refunded Bonds as set forth in the Sale Order. The Escrow Fund shall be held by an escrow agent (the "Escrow Agent") pursuant to an escrow agreement (the "Escrow Agreement") which shall irrevocably direct the

Escrow Agent to take all necessary steps to call for redemption the Refunded Bonds, including publication and mailing of redemption notices, on any call date, as specified by the City. The investments held in the Escrow Fund shall be such that the principal and interest payments received thereon will be sufficient, without reinvestment, to pay the principal of, interest and redemption premium, if any, on the Refunded Bonds as they become due pursuant to maturity or the call for redemption required by this paragraph. Following establishment of the Escrow Fund, any amounts remaining in the debt retirement funds for the Prior Bonds shall be transferred to the Debt Retirement Fund for the Bonds. Each of the Authorized Officers is hereby authorized to select and appoint a bank or trust company qualified to serve as Escrow Agent and to negotiate the terms of and execute and deliver an Escrow Agreement on behalf of the City. Each Authorized Officer is authorized and directed to purchase or cause to be purchased, Escrow Securities, including United States Treasury Obligations – State and Local Government Series (SLGS), in an amount sufficient to fund the Escrow Fund.

6. Bond Form. The Bonds shall be in substantially the following form with such changes as may be approved by an Authorized Officer and Bond Counsel:

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF OAKLAND

CITY OF NOVI

2012 SPECIAL ASSESSMENT REFUNDING BOND
(LIMITED TAX GENERAL OBLIGATION)

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
	_____, 20__	_____ 1, 2012	

Registered Owner:

Principal Amount:

Dollars

The City of Novi, County of Oakland, State of Michigan (the "City") acknowledges itself to owe and for value received hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above, in lawful money of the United States of America, on the Maturity Date specified above, unless prepaid thereto as hereinafter provided, with interest thereon (computed on the basis of a 360-day year consisting of twelve 30-day months) from the Date of Original Issue specified above or such later date to which interest has been paid, until paid, at the Interest Rate per annum specified above, first payable on April 1, 2013 and semiannually thereafter. Principal of this bond is payable at the principal corporate trust office of _____, _____, Michigan, or such other transfer agent as the City may hereafter designate by notice mailed to the registered owner not less than sixty (60) days prior to any interest payment date (the "Transfer Agent"). Interest on this bond is payable to the registered owner of record as of the fifteenth (15th) day of the month preceding the interest payment date as shown on the registration books of the City kept by the Transfer Agent by check or draft mailed to the registered owner of record at the registered address. For prompt payment of this bond, both principal and interest, the full faith, credit and resources of the City are hereby irrevocably pledged.

This bond is one of a series of bonds even Date of Original Issue aggregating the principal sum of _____ Dollars (\$_____), issued for the purpose of paying part of the cost of refunding certain outstanding bonds of the City. This bond is issued under the provisions of Act 34, Public Acts of Michigan, 2001, as amended, and a duly adopted resolution of the City.

[Insert mandatory redemption provisions, if any.]

This bond is transferable only upon the registration books of the City kept by the Transfer Agent by the registered owner of record in person, or by the registered owner's attorney duly

authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the Transfer Agent duly executed by the registered owner or the registered owner's attorney duly authorized in writing, and thereupon a new registered bond or bonds in the same aggregate principal amount and of the same maturity shall be issued to the transferee in exchange therefor as provided in the resolution authorizing this bond and upon the payment of the charges, if any, therein prescribed.

This bond, including interest hereon, is payable primarily out of special assessments to be collected on the lands situated in a certain Special Assessment District in the City. In case of insufficiency of said special assessment collections, this bond is payable as a first budget obligation out of the general funds of the City, including the collection of any ad valorem taxes which the City is authorized to levy, subject to applicable constitutional, statutory and charter tax rate limitations.

It is hereby certified and recited that all acts, conditions and things required by law to be done, precedent to and in the issuance of this bond and the series of bonds of which this is one, exist and have been done and performed in regular and due form and time as required by law.

This bond is not valid or obligatory for any purpose until the Transfer Agent's Certificate of Authentication on this bond has been executed by the Transfer Agent.

IN WITNESS WHEREOF, the City, by its City Council, has caused this bond to be signed in its name with the facsimile signatures of its Mayor and City Clerk and a facsimile of its corporate seal to be printed hereon, all as of the Date of Original Issue.

CITY OF NOVI
County of Oakland
State of Michigan

By: _____ [facsimile] _____
Its: Mayor

(SEAL)

By: _____ [facsimile] _____
Its: City Clerk

(Form of Transfer Agent's Certificate of Authentication)

DATE OF AUTHENTICATION:

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned resolution.

_____, Michigan
Transfer Agent

By: _____
Authorized Signatory

[Bond printer to insert form of assignment]

7. Negotiated Bonds. The City Council has considered the option of selling the Bonds through a competitive sale and a negotiated sale and, pursuant to the requirements of Act 34, determines that a negotiated sale of the Bonds will allow more flexibility in accessing the municipal bond market, and to price and sell the Bonds at the time that is expected to best achieve the most advantageous interest rates and costs to the City, and will provide the City with greater flexibility in structuring bond maturities and adjust terms for the Bonds.

8. Bond Purchase Agreement and Award. The Authorized Officers are each hereby authorized to negotiate with and award the sale of the Bonds to the Underwriter pursuant to a bond purchase agreement. The Authorized Officers are each further authorized to execute and deliver the bond purchase agreement on behalf of the City, to execute a sale order evidencing the final terms for the Bonds, and to take all other necessary actions required to effectuate the sale, issuance and delivery of the Bonds within the parameters authorized in this resolution.

9. Tax Covenant; Qualified Tax Exempt Obligations. The City shall, to the extent permitted by law, take all actions within its control necessary to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), including, but not limited to, actions relating to any required rebate of arbitrage earnings and the expenditures and investment of proceeds of the Bonds and moneys deemed to be Bond proceeds. The City hereby designates the Bonds as "qualified tax exempt obligations" for purposes of deduction of interest expense by financial institutions pursuant to the Code.

10. Authorization of Other Actions. The Authorized Officers are each authorized and directed to cause the preparation and circulation of a preliminary and final Official Statement with respect to the Bonds; to procure a policy of municipal bond insurance with respect to the Bonds or cause the qualification of the Bonds therefor if the acquisition of such insurance would be of economic benefit to the City; to obtain ratings on the Bonds; and to take all other actions necessary or advisable, and to make such other filings with the Michigan Department of Treasury or with other parties to enable the sale and delivery of the Bonds as contemplated herein.

11. Adjustment of Bond Details. The Authorized Officers are each hereby authorized to adjust the final bond details set forth herein to the extent necessary or convenient to complete the transaction authorized herein, and in pursuance of the foregoing is authorized to exercise the authority and make the determinations authorized pursuant to Section 315(1)(d) of Act 34, Public Acts of Michigan, 2001, as amended, including but not limited to determinations regarding interest rates, prices, discounts, maturities, principal amounts, denominations, dates of issuance, interest payment dates, redemption rights, the place of delivery and payment, designation of series and other matters, provided that the principal amount of Bonds issued shall not exceed the principal amount authorized in this resolution, the interest rate per annum on the Bonds shall not exceed five percent (5%) and the Bonds shall mature not later than October 1, 2015.

12. Continuing Disclosure Undertaking. The City shall enter into an undertaking for the benefit of the holders and beneficial owners of the Bonds, (the "Undertaking"); provided, however, that the terms of the Undertaking are subject to completion and modification prior to delivery of the Bonds by the authorized officer of the City executing the Undertaking as such

authorized officer shall deem necessary to comply with law or market requirements. The Authorized Officers each are authorized to execute and deliver the Undertaking after completion and modification as provided in this resolution.

13. Bond Counsel. Miller, Canfield, Paddock and Stone, P.L.C. is hereby appointed to serve bond counsel for the Bonds, notwithstanding the periodic representation in unrelated matters of parties or potential parties to the transaction contemplated by this resolution, including the Underwriter.

14. Financial Advisor. Bendzinski & Co. Municipal Finance Advisors, is retained as the registered financial advisor in connection with the issuance of the Bonds.

15. Rescission. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution are hereby rescinded.

AYES : Members: _____

NAYS: Members: _____

RESOLUTION DECLARED ADOPTED.

City Clerk

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of Novi, County of Oakland, State of Michigan, at a regular meeting held on June 18, 2012, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

City Clerk

20,222,826.1\065576-00093

MILLER, CANFIELD, PADDOCK AND STONE, P.L.C.