



CITY of NOVI CITY COUNCIL

**Agenda Item P
July 11, 2016**

SUBJECT: Approval of the attached resolution authorizing redemption of the City's 2002 Street and Refunding Bonds.

SUBMITTING DEPARTMENT: Finance

CITY MANAGER APPROVAL: 

BACKGROUND INFORMATION:

The City's 2002 General Obligation Street and Refunding Bonds mature October 1, 2017. As of June 30, 2016, the remaining principal balance on these bonds totals \$1,425,000 which includes \$695,000 due October 1, 2016 and \$730,000 due October 1, 2017. During the past several years the 2002 Street and Refunding Debt Fund accumulated sufficient funds from the voter approved levy and from reductions in the reserves for charge backs and tax appeals to pay off the final principal payment a year early. The redemption of the bonds one year early saves the City's taxpayers approximately \$40,000 in interest payments over the next year and eliminates the need to levy mills for this debt in the 2017/2018 fiscal year.

RECOMMENDED ACTION: Approval of the attached resolution authorizing redemption of the City's 2002 Street and Refunding Bonds.

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

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

Resolution Authoring Redemption of Bonds

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, held on the ___ day of _____, 2016.

PRESENT: Members _____

ABSENT: Members _____

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

WHEREAS, the City Council of the City of Novi, County of Oakland, State of Michigan (the "City"), has previously authorized the issuance of its General Obligation Street and Refunding Bonds, dated December 11, 2002, in the original principal amount of \$24,720,000 (the "Bonds") for the purposes of paying the cost of street and highway improvements in the City and refunding certain prior bonds of the city; and

WHEREAS, the Bonds are currently outstanding in the aggregate principal amount of \$1,425,000, maturing on October 1, 2017 and subject to mandatory redemption on October 1, 2016; and

WHEREAS, the Bonds are subject to optional redemption prior to maturity at the option of the City, on any interest payment date on or after October 1, 2013, at par plus accrued interest to the date fixed for redemption; and

WHEREAS, the City has sufficient funds on hand to redeem the outstanding Bonds maturing on October 1, 2017, in the amount of \$730,000, prior to maturity; and

WHEREAS, the City has determined that it is in the best interest of the City to provide for the redemption of all of the outstanding Bonds maturing in the year 2017 (excluding the portion of the Bonds maturing in the year 2017 and already subject to mandatory redemption on October 1, 2016), in the amount of \$730,000 on the next available interest payment date, which is October 1, 2016.

NOW, THEREFORE, BE IT RESOLVED:

1. The City hereby calls all of the outstanding principal amount of the Bonds for redemption on October 1, 2016, in the principal amount of \$730,000, which represents all of the Bonds maturing October 1, 2017, excluding the principal amount of \$695,000 already subject to mandatory redemption on October 1, 2016.

2. The City Manager and Finance Director/Treasurer are each hereby authorized to cause such sums as are necessary to redeem the Bonds prior to maturity to be paid, including any expenses relating thereto.

3. The City Manager and Finance Director/Chief Treasurer are each directed to take any and all steps necessary for the redemption of the Bonds including directing the transfer agent for the Bonds to arrange for the mailing of notice of redemption to the registered owners, at least thirty days prior to the date fixed for redemption.

4. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are 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 _____, 2016, 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

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_____, 2016

Ms. Tracey L. Mooney
Assistant Vice President
U.S. Bank National Association
535 Griswold Street, Suite 550
EX-MI-DTGR
Detroit MI 48226

CITY COUNCIL

Mayor
Bob Gatt

Mayor Pro Tem
Dave Staudt

Andrew Mutch

Wayne M. Wrobel

Laura Marie Casey

Gwen Markham

Brian Burke

City Manager
Peter E. Auger

City Clerk
Cortney Hanson

Re: Redemption of City of Novi, General Obligation Street and Refunding Bonds, Series 2002 (Unlimited Tax)

Dear Ms. Mooney:

The City Council of the City of Novi, County of Oakland, State of Michigan (the "City"), has approved the enclosed resolution authorizing the redemption of above-captioned bonds issued by the City (the "Bonds"). The City has sufficient funds on hand to call a portion of the Bonds for redemption.

Your firm is acting as transfer agent for the Bonds. Based on the enclosed resolution, we hereby direct you, in your capacity as transfer agent to take all actions necessary to call for redemption on **October 1, 2016** the portion of the Bonds maturing October 1, 2017, in the principal amount of \$730,000, as described at section 1 of the enclosed resolution.

Note that this optional redemption of this portion of the Bonds **is separate from and in addition to the mandatory redemption of Bonds on October 1, 2016 in the principal amount of \$695,000.** Thus the total amount of Bonds to be redeemed on October 1, 2016 will be \$1,425,000, representing the entire outstanding principal amount of the Bonds.

If you have any questions, please contact me. Thank you.

CITY OF NOVI

By _____

Its _____

City of Novi
45175 Ten Mile Road
Novi, Michigan 48375
248.347.0460
248.347.0577 fax

cityofnovi.org

Enclosure

cc: Patrick F. McGow, Esq. (w/o -encl.)

Founded in 1852
by Sidney Davy Miller

MILLER CANFIELD

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June 8, 2016

Sabrina Lilla, CPA
Senior Financial Analyst
City of Novi
45175 W. Ten Mile Road
Novi MI 48375-3024

***Re: Redemption of City of Novi 2002 General Obligation Street and Refunding Bonds,
Series 2002 (Unlimited Tax)***

Dear Sabrina:

Attached is a resolution directing redemption of the City of Novi's 2002 Street and Refunding Bonds, which the City has indicated it intends to redeem out of funds on hand on October 1, 2016. I have left the resolution date blank, as it has not been slated for a specific City Council meeting.

I have also included a form of letter the City will need to send to U.S. Bank National Association as Transfer Agent for the bonds being redeemed. The letter directs the Transfer Agent to take all action necessary to redeem the bonds on October 1st. You will need to send a certified copy of the adopted resolution to the Transfer Agent with the letter.

Note that that the Transfer Agent will need to send notice of the October 1st redemption to bondholders **no later than September 1st**. Therefore, the City will need to provide the letter to Tracey Mooney at U.S. Bank National Association **before September 1st**.

Very truly yours,

Miller, Canfield, Paddock and Stone, P.L.C.

By: 

Jeffrey S. Aronoff

cc: Carl Johnson, Finance Director & Chief Financial Officer
Patrick F. McGow, Esq.

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