



cityofnovi.org

CITY of NOVI CITY COUNCIL

Agenda Item Q
December 21, 2009

SUBJECT: Approval of Resolution authorizing issuance of General Obligation Refunding bonds, Series 2010.

SUBMITTING DEPARTMENT: Finance

CITY MANAGER APPROVAL: 

BACKGROUND INFORMATION:

Due to the volatility of the market, and in an effort to facilitate a refunding and save the City 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 if specific criteria is met. The recommendation is to set criteria of a 3% net present value savings). If the refunding bonds are authorized, a full report would be included at the next regularly scheduled City Council meeting.

Following this motion sheet are: (1) Resolution Approving Refunding and (2) Sample underwriter schedule.

RECOMMENDED ACTION: Approval of Resolution authorizing issuance of General Obligation Refunding bonds, Series 2010.

	1	2	Y	N
Mayor Landry				
Mayor Pro Tem Gatt				
Council Member Crawford				
Council Member Fischer				

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

**RESOLUTION AUTHORIZING ISSUANCE OF
2010 GENERAL OBLIGATION UNLIMITED TAX REFUNDING 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 December 21, 2009, at 7:00 o'clock p.m., Eastern Standard Time.

PRESENT: Members _____

ABSENT: Members _____

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

WHEREAS, the City of Novi, County of Oakland, State of Michigan (the "City") has previously issued its 2001 General Obligation Unlimited Tax Bonds (the "Prior Bonds") to pay part of the cost of street improvements;

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

WHEREAS, the City has been advised that it may achieve interest costs savings through the refunding of the Prior Bonds; and

WHEREAS, it is the determination of the City Council that the City should issue its 2010 General Obligation Unlimited Tax Refunding Bonds in the principal amount of not to exceed Five Million Three Hundred Fifty Thousand Dollars (\$5,350,000) (the "Bonds") to advance refund all or a portion of the Prior Bonds maturing in the years 2011 through 2015 to achieve interest cost savings for the benefit of the taxpayers of the City; and

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 Refunding Bonds; Bond Terms, Bonds of the City designated 2010 General Obligation Unlimited Tax Refunding Bonds (the "Bonds") are authorized to be issued in the aggregate principal sum of not to exceed Five Million Three Hundred Fifty Thousand Dollars (\$5,350,000) for the purpose of paying the costs of refunding the Prior Bonds, including the 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 (or such other date as determined at the time of sale thereof) in the years 2010 to 2015, inclusive, in the annual amounts determined at the time of sale and be subject to redemption in the manner and at the times and prices to be determined at the time of sale.

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 six percent (6%) per annum, payable on October 1, 2010 (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.

2. Execution of Bonds; Book-Entry-Only Form. The Bonds of this issue shall be executed in the name of the City with the facsimile signatures of the Mayor and Clerk of the City and shall have the seal of the City, or a facsimile thereof, printed or impressed on the Bonds. No Bond shall be valid until authenticated by an authorized officer or representative of the Transfer Agent. The principal of the Bonds shall be payable at the designated corporate trust office of a bank or trust company to be selected by the City Treasurer as registrar and transfer agent for the Bonds (the "Transfer Agent").

The Bonds may be issued in book-entry-only form through the Depository Trust Company in New York, New York ("DTC") and any officer of the City is authorized to execute such custodial or other agreement with 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. Debt Retirement Fund. The City Treasurer is hereby authorized to open a separate depository account with a bank or trust company designated 2010 GENERAL OBLIGATION UNLIMITED TAX REFUNDING BONDS 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. All proceeds from taxes levied for the Debt Retirement Fund shall be deposited into the Debt Retirement Fund as collected. Commencing with the year 2010, there shall be levied upon the tax rolls of the City for the purpose of the Debt Retirement Fund each year, in the manner required by the provisions of Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), an amount sufficient so that the estimated collection therefrom will be sufficient to promptly pay, when due, the principal of and interest on the Bonds becoming due prior to the next annual tax levy; provided, however, that if at the time of making any such annual tax levy there shall be surplus moneys on hand in the Debt Retirement Fund for the

payment of principal of and interest on the Bonds, then credit therefor may be taken against such annual levy for the Debt Retirement Fund.

5. Use of Proceeds. The proceeds of the Bonds shall be used to pay the costs of issuance of the Bonds and to secure payment of the Prior Bonds as provided in this paragraph. Upon receipt of the proceeds of sale of the Bonds, the accrued interest, if any, shall be deposited in the Debt Retirement Fund for the Bonds. From the proceeds of the Bonds there shall next be set aside a sum sufficient to pay the costs of issuance of the Bonds in a fund designated 2010 GENERAL OBLIGATION UNLIMITED TAX REFUNDING BOND ISSUANCE FUND (the "Issuance Fund"). Moneys in the Issuance Fund shall be used solely to pay expenses 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 any moneys transferred by the City at the time of sale of the Bonds from the debt retirement funds for the Prior Bonds and any other available funds of the City, shall be held as cash or invested 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 and interest on which are fully secured by the foregoing (the "Escrow Fund") and used to pay principal, interest and redemption premiums on the Prior Bonds. The Escrow Fund shall be held by a bank or trust company to be selected by the City Manager or Finance Director, as 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 any Prior Bonds specified by the City upon sale of the 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, interest and redemption premiums on the Prior 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.

6. The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF MICHIGAN
COUNTY OF OAKLAND

CITY OF NOVI
2010 GENERAL OBLIGATION UNLIMITED TAX REFUNDING BOND

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
Registered Owner:	_____, 20__	_____, 20__	_____ 1, 2010
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, unless redeemed prior to maturity, on the Maturity Date specified above with interest thereon until paid from the Date of Original Issue specified above or such later date to which interest has been paid, at the Interest Rate per annum specified above, first payable on _____, 20__ and semiannually thereafter. Principal of this bond is payable at the designated corporate trust office of _____, Detroit, 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 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 by the Transfer Agent 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 aggregating the principal sum of \$ _____, issued for the purpose of refunding all or part of the City's outstanding 2001 General Obligation Unlimited Tax Bonds.

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 is payable out of the City's Debt Retirement Fund for this issue and in order to make such payment, the City is required each year to levy taxes on all taxable property within the boundaries of the City for such payment without limitation as to rate or amount. 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, and that the total indebtedness of the City, including this bond and the series of bonds of which this is one, does not exceed any constitutional, statutory or charter debt limitation.

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 the name of the City by 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: _____
Its: Mayor

By: _____
Its: City Clerk

(SEAL)

(Form of Transfer Agent's Certificate of Authentication)

CERTIFICATE OF AUTHENTICATION

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

Transfer Agent

By: _____

Authorized: _____

DATE OF REGISTRATION:

[Bond printer to insert form of assignment]

7. Tax Covenant. The City shall, to the extent permitted by law, take all actions within its control necessary to maintain the exemption of the interest on the Bonds from general federal income taxation (as opposed to any alternative minimum or other indirect taxation) 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 expenditure and investment of Bond proceeds and moneys deemed to be Bond proceeds.

8. Qualified Tax-Exempt Obligations. The Bonds are hereby designated as "qualified tax-exempt obligations" for purposes of deduction of interest expense by financial institutions.

9. Continuing Disclosure Undertaking. The City agrees to enter into an undertaking for the benefit of the holders and beneficial owners of the Bonds pursuant to Rule 15c2-12 of the U.S. Securities and Exchange Commission and the Finance Director is hereby authorized to execute such undertaking prior to delivery of the Bonds.

10. Negotiated Sale. 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 result in the most efficient and expeditious means of selling the Bonds and will result in the lowest interest cost to the City.

11. Adjustment of Bond Details. The City Manager and the Finance Director are each authorized to execute and deliver a sale order approving the final terms of the Bonds, 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, 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, the portion or portions of the Prior Bonds to be refunded, and other matters, within the parameters established by this resolution, pursuant to a bond purchase agreement with the Underwriter *provided* that the City Manager and the Finance Director shall find and determine that a present value savings of 3% of the principal amount of the Prior Bonds to be refunded shall exist upon the sale of the Bonds and said refunding.

12. Authorization of other Actions. The Mayor, City Manager, Clerk, and Finance Director are each hereby 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, upon the advice of the financial advisor to the City, 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 make such other filings with the Michigan Department of Treasury or with other parties, to enable the issuance, sale and delivery of the Bonds as contemplated herein.

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

14. Rescission. 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 December 21, 2009, 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

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

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City of Novi
County of Oakland, State of Michigan
2010 Refunding Bonds

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City of Novi
County of Oakland, State of Michigan
2010 Refunding Bonds

Refunding Summary

Dated 01/15/2010 | Delivered 01/15/2010

Sources Of Funds

Par Amount of Bonds.....	\$5,165,000.00
Reoffering Premium.....	75,866.50
Total Sources.....	\$5,240,866.50

Uses Of Funds

Deposit to Net Cash Escrow Fund.....	5,137,283.45
Total Underwriter's Discount (1.000%).....	51,650.00
Costs of Issuance.....	50,000.00
Rounding Amount.....	1,933.05
Total Uses.....	\$5,240,866.50

Flow of Funds Detail

State and Local Government Series (SLGS) rates for.....	12/01/2009
Date of OMP Candidates.....	
Net Cash Escrow Fund Solution Method.....	Net Funded
Total Cost of Investments.....	\$5,137,283.45
Interest Earnings @ 0.169%.....	6,079.05
Total Draws.....	\$5,143,362.50

Issues Refunded And Call Dates

2001 Street Improvement Bonds.....	10/01/2010
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PV Analysis Summary (Net to Net)

Net PV Cashflow Savings @ 2.444%(AIC).....	204,777.06
Contingency or Rounding Amount.....	1,933.05
Net Present Value Benefit.....	\$206,710.11
Net PV Benefit / \$4,925,000 Refunded Principal.....	4.197%

Bond Statistics

Average Life.....	3.689 Years
Average Coupon.....	2.3060472%
Net Interest Cost (NIC).....	2.1789457%
Bond Yield for Arbitrage Purposes.....	1.8853954%
True Interest Cost (TIC).....	2.1672897%
All Inclusive Cost (AIC).....	2.4437346%

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City of Novi
County of Oakland, State of Michigan
2010 Refunding Bonds

Pricing Summary

Maturity	Type	Maturity Value	Coupon	Yield	Yield to Call?	Price	Dollar Price	OIP/(OID)	CUSIP
10/01/2010	Serial	100,000.00	2.000%	0.800%	No	100.848%	100,848.00	848.00	
10/01/2011	Serial	995,000.00	2.000%	1.110%	No	101.503%	1,009,954.85	14,954.85	
10/01/2012	Serial	1,000,000.00	2.000%	1.350%	No	101.723%	1,017,230.00	17,230.00	
10/01/2013	Serial	980,000.00	2.000%	1.640%	No	101.290%	992,642.00	12,642.00	
10/01/2014	Serial	1,005,000.00	2.250%	2.000%	No	101.117%	1,016,225.85	11,225.85	
10/01/2015	Serial	1,085,000.00	2.750%	2.420%	No	101.748%	1,103,965.80	18,965.80	
Total	-	\$5,165,000.00	-	-	-	-	\$5,240,866.50	\$75,866.50	-

Bid Information

Par Amount of Bonds.....	\$5,165,000.00
Reoffering Premium or (Discount).....	75,866.50
Gross Production.....	\$5,240,866.50
Total Underwriter's Discount (1.000%).....	\$(51,650.00)
Bid (100.469%).....	5,189,216.50
Total Purchase Price.....	\$5,189,216.50
Bond Year Dollars.....	\$19,052.89
Average Life.....	3.689 Years
Average Coupon.....	2.3060472%
Net Interest Cost (NIC).....	2.1789457%
True Interest Cost (TIC).....	2.1672897%
All Inclusive Cost (AIC).....	2.4437346%

City of Novi
County of Oakland, State of Michigan
2010 Refunding Bonds

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
01/15/2010	-	-	-	-	-
10/01/2010	100,000.00	2.000%	81,031.11	181,031.11	181,031.11
04/01/2011	-	-	55,975.00	55,975.00	-
10/01/2011	995,000.00	2.000%	55,975.00	1,050,975.00	1,106,950.00
04/01/2012	-	-	46,025.00	46,025.00	-
10/01/2012	1,000,000.00	2.000%	46,025.00	1,046,025.00	1,092,050.00
04/01/2013	-	-	36,025.00	36,025.00	-
10/01/2013	980,000.00	2.000%	36,025.00	1,016,025.00	1,052,050.00
04/01/2014	-	-	26,225.00	26,225.00	-
10/01/2014	1,005,000.00	2.250%	26,225.00	1,031,225.00	1,057,450.00
04/01/2015	-	-	14,918.75	14,918.75	-
10/01/2015	1,085,000.00	2.750%	14,918.75	1,099,918.75	1,114,837.50
Total	\$5,165,000.00	-	\$439,368.61	\$5,604,368.61	-

Yield Statistics

Bond Year Dollars.....	\$19,052.89
Average Life.....	3.689 Years
Average Coupon.....	2.3060472%
Net Interest Cost (NIC).....	2.1789457%
True Interest Cost (TIC).....	2.1672897%
Bond Yield for Arbitrage Purposes.....	1.8853954%
All Inclusive Cost (AIC).....	2.4437346%

IRS Form 8038

Net Interest Cost.....	1.8801271%
Weighted Average Maturity.....	3.689 Years

City of Novi
County of Oakland, State of Michigan
2010 Refunding Bonds

Debt Service Comparison

Date	Total P+I	Existing D/S	Net New D/S	Old Net D/S	Savings	Fiscal Total
01/15/2010	-	-	-	-	-	-
04/01/2010	-	17,637.50	17,637.50	126,818.75	109,181.25	-
10/01/2010	181,031.11	867,637.50	1,048,668.61	976,818.75	(71,849.86)	37,331.39
04/01/2011	55,975.00	-	55,975.00	109,181.25	53,206.25	-
10/01/2011	1,050,975.00	-	1,050,975.00	1,034,181.25	(16,793.75)	36,412.50
04/01/2012	46,025.00	-	46,025.00	89,525.00	43,500.00	-
10/01/2012	1,046,025.00	-	1,046,025.00	1,039,525.00	(6,500.00)	37,000.00
04/01/2013	36,025.00	-	36,025.00	68,625.00	32,600.00	-
10/01/2013	1,016,025.00	-	1,016,025.00	1,018,625.00	2,600.00	35,200.00
04/01/2014	26,225.00	-	26,225.00	47,250.00	21,025.00	-
10/01/2014	1,031,225.00	-	1,031,225.00	1,047,250.00	16,025.00	37,050.00
04/01/2015	14,918.75	-	14,918.75	24,750.00	9,831.25	-
10/01/2015	1,099,918.75	-	1,099,918.75	1,124,750.00	24,831.25	34,662.50
Total	\$5,604,368.61	\$885,275.00	\$6,489,643.61	\$6,707,300.00	\$217,656.39	-

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings.....	204,777.06
Net PV Cashflow Savings @ 2.444%(AIC).....	204,777.06
Contingency or Rounding Amount.....	1,933.05
Net Present Value Benefit.....	\$206,710.11
Net PV Benefit / \$4,925,000 Refunded Principal.....	4.197%
Average Annual Cash Flow Savings.....	36,276.07

Refunding Bond Information

Refunding Dated Date.....	1/15/2010
Refunding Delivery Date.....	1/15/2010

City of Novi
County of Oakland, State of Michigan
 2010 Refunding Bonds

Refunding Analysis By Maturity

Maturity	Type of Bond	Coupon	Principal	Call Date	Total \$ Savings	Base Savings	Yield Blending	Total % Savings	Cumulative	Total %
2001 Street Improvement Bonds										
10/01/2011	Serial Coupon	4.250%	925,000	10/01/2010	2,180	0.107%	0.129%	0.236%	206,710	4.197%
10/01/2012	Serial Coupon	4.400%	950,000	10/01/2010	27,134	2.093%	0.763%	2.856%	204,530	5.113%
10/01/2013	Serial Coupon	4.500%	950,000	10/01/2010	47,530	4.173%	0.830%	5.003%	177,396	5.816%
10/01/2014	Serial Coupon	4.500%	1,000,000	10/01/2010	61,203	6.018%	0.102%	6.120%	129,866	6.184%
10/01/2015	Serial Coupon	4.500%	1,100,000	10/01/2010	68,663	7.819%	-1.577%	6.242%	68,663	6.242%
Subtotal		-	\$4,925,000	-	\$206,710	4.197%	-	4.197%	\$206,710	4.197%
Total		-	\$4,925,000	-	\$206,710	4.197%	-	4.197%	\$206,710	4.197%

Adjustments To Escrow Definition

Proposed Refunding Date.....	1/15/2010
Yield on Escrow Investments.....	0.1688982%
Present Value Savings Discount Rate.....	2.4437346%

City of Novi
County of Oakland, State of Michigan
2010 Refunding Bonds

Proof Of Bond Yield @ 1.8853954%

Date	Cashflow	FV Factor	Present Value	Cumulative PV
01/15/2010	-	1.0000000x	-	-
10/01/2010	181,031.11	0.9867442x	178,631.40	178,631.40
04/01/2011	55,975.00	0.9775290x	54,717.19	233,348.58
10/01/2011	1,050,975.00	0.9684000x	1,017,764.15	1,251,112.73
04/01/2012	46,025.00	0.9593561x	44,154.37	1,295,267.10
10/01/2012	1,046,025.00	0.9503968x	994,138.77	2,289,405.87
04/01/2013	36,025.00	0.9415211x	33,918.30	2,323,324.17
10/01/2013	1,016,025.00	0.9327283x	947,675.23	3,270,999.40
04/01/2014	26,225.00	0.9240176x	24,232.36	3,295,231.76
10/01/2014	1,031,225.00	0.9153882x	943,971.22	4,239,202.98
04/01/2015	14,918.75	0.9068395x	13,528.91	4,252,731.89
10/01/2015	1,099,918.75	0.8983705x	988,134.61	5,240,866.50
Total	\$5,604,368.61	-	\$5,240,866.50	-

Derivation Of Target Amount

Par Amount of Bonds.....	\$5,165,000.00
Reoffering Premium or (Discount).....	75,866.50
Original Issue Proceeds.....	\$5,240,866.50

City of Novi
County of Oakland, State of Michigan
 2010 Refunding Bonds

Derivation Of Form 8038 Yield Statistics

Maturity	Issuance Value	Price	Issuance PRICE	Exponent	Bond Years
01/15/2010	-	-	-	-	-
10/01/2010	100,000.00	100.848%	100,848.00	0.7111111x	71,714.13
10/01/2011	995,000.00	101.503%	1,009,954.85	1.7111111x	1,728,144.97
10/01/2012	1,000,000.00	101.723%	1,017,230.00	2.7111111x	2,757,823.56
10/01/2013	980,000.00	101.290%	992,642.00	3.7111111x	3,683,804.76
10/01/2014	1,005,000.00	101.117%	1,016,225.85	4.7111111x	4,787,552.89
10/01/2015	1,085,000.00	101.748%	1,103,965.80	5.7111111x	6,304,871.35
Total	\$5,165,000.00	-	\$5,240,866.50	-	\$19,333,911.65

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Weighted Average Maturity = Bond Years/Issue Price.....	3.689 Years
Total Interest from Debt Service.....	439,368.61
Reoffering (Premium) or Discount.....	(75,866.50)
Total Interest.....	363,502.11
NIC = Interest / (Issue Price * Average Maturity).....	1.8801271%
Bond Yield for Arbitrage Purposes.....	1.8853954%

City of Novi
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 2010 Refunding Bonds

Summary Of Bonds Refunded

Issue	Maturity	Type	of Bond	Coupon	Maturity Value	Call Date	Call Price
<i>Dated 2/01/2001 Delivered 2/01/2001</i>							
2001 Street Improvement Bonds	10/01/2011	Serial	Coupon	4.250%	925,000	10/01/2010	100.000%
2001 Street Improvement Bonds	10/01/2012	Serial	Coupon	4.400%	950,000	10/01/2010	100.000%
2001 Street Improvement Bonds	10/01/2013	Serial	Coupon	4.500%	950,000	10/01/2010	100.000%
2001 Street Improvement Bonds	10/01/2014	Serial	Coupon	4.500%	1,000,000	10/01/2010	100.000%
2001 Street Improvement Bonds	10/01/2015	Serial	Coupon	4.500%	1,100,000	10/01/2010	100.000%
Subtotal	-			-	\$4,925,000	-	-
Total	-			-	\$4,925,000	-	-

City of Novi
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2010 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
04/01/2010	-	109,181.25	109,181.25	-	109,181.25	109,181.25	-
10/01/2010	4,925,000.00	109,181.25	5,034,181.25	-	109,181.25	109,181.25	218,362.50
04/01/2011	-	-	-	-	109,181.25	109,181.25	-
10/01/2011	-	-	-	925,000.00	109,181.25	1,034,181.25	1,143,362.50
04/01/2012	-	-	-	-	89,525.00	89,525.00	-
10/01/2012	-	-	-	950,000.00	89,525.00	1,039,525.00	1,129,050.00
04/01/2013	-	-	-	-	68,625.00	68,625.00	-
10/01/2013	-	-	-	950,000.00	68,625.00	1,018,625.00	1,087,250.00
04/01/2014	-	-	-	-	47,250.00	47,250.00	-
10/01/2014	-	-	-	1,000,000.00	47,250.00	1,047,250.00	1,094,500.00
04/01/2015	-	-	-	-	24,750.00	24,750.00	-
10/01/2015	-	-	-	1,100,000.00	24,750.00	1,124,750.00	1,149,500.00
Total	\$4,925,000.00	\$218,362.50	\$5,143,362.50	\$4,925,000.00	\$897,025.00	\$5,822,025.00	-

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation.....	1/15/2010
Average Life.....	3.792 Years
Average Coupon.....	4.8027752%
Weighted Average Maturity (Par Basis).....	3.792 Years

Refunding Bond Information

Refunding Dated Date.....	1/15/2010
Refunding Delivery Date.....	1/15/2010

City of Novi
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2010 Refunding Bonds

Escrow Fund Cashflow

Date	Principal	Rate	Interest	Receipts	Disbursements	Cash Balance
04/01/2010	109,168.00	0.060%	13.63	109,182.08	109,181.25	0.83
10/01/2010	5,028,115.00	0.170%	6,065.42	5,034,180.42	5,034,181.25	-
Total	\$5,137,283.00	-	\$6,079.05	\$5,143,362.50	\$5,143,362.50	-

Investment Parameters

Investment Model [PV, GIC, or Securities].....	Securities
Default investment yield target.....	Bond Yield
Cash Deposit.....	0.45
Cost of Investments Purchased with Bond Proceeds.....	5,137,283.00
Total Cost of Investments.....	\$5,137,283.45
Target Cost of Investments at bond yield.....	\$5,076,198.65
Actual positive or (negative) arbitrage.....	(61,084.80)
Yield to Receipt.....	0.1688982%
Yield for Arbitrage Purposes.....	1.8853954%
State and Local Government Series (SLGS) rates for.....	12/01/2009

City of Novi
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Escrow Summary Cost

Maturity	Type	Coupon	Yield	Price	Par Amount	Principal Cost	+Accrued Interest	= Total Cost
Escrow								
04/01/2010	SLGS-CI	0.060%	0.060%	100-.000000	109,168	109,168.00	-	109,168.00
10/01/2010	SLGS-CI	0.170%	0.170%	100-.000000	5,028,115	5,028,115.00	-	5,028,115.00
Subtotal		-	-	-	\$5,137,283	\$5,137,283.00	-	\$5,137,283.00
Total		-	-	-	\$5,137,283	\$5,137,283.00	-	\$5,137,283.00

Escrow

Cash Deposit.....	0.45
Cost of Investments Purchased with Bond Proceeds.....	5,137,283.00
Total Cost of Investments.....	\$5,137,283.45

Delivery Date..... 1/15/2010

City of Novi
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Primary Purpose Fund Proof Of Yield @ 0.1688982%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
01/15/2010	-	1.0000000x	-	-
04/01/2010	109,181.63	0.9996437x	109,142.72	109,142.72
10/01/2010	5,034,180.42	0.9988002x	5,028,140.28	5,137,283.00
Total	\$5,143,362.05	-	\$5,137,283.00	-

Composition Of Initial Deposit

Cost of Investments Purchased with Bond Proceeds.....	5,137,283.00
Adjusted Cost of Investments.....	5,137,283.00

