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CITY of NOVI CITY COUNCIL

Agenda Item P
December 21, 2009

SUBJECT: Approval of Resolution for Building Authority Bond Refunding and Refunding Contract (Senior Complex – Meadowbrook Commons)

SUBMITTING DEPARTMENT: Finance

CITY MANAGER APPROVAL 

BACKGROUND INFORMATION:

As a result of volatility of the market, and in an effort to facilitate a refunding and save the Senior Complex – Meadowbrook Commons interest expense dollars, we are proposing the attached resolution in which the Building Authority could move forward with the refunding if specific criteria is met.

The Building Authority's resolution establishes the minimum 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 Building Authority Refunding, (2) Refunding Contract, and (3) Sample underwriter schedule

RECOMMENDED ACTION: Approval of Resolution for Building Authority Bond Refunding and Refunding Contract (Senior Complex – Meadowbrook Commons)

	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 APPROVING
BUILDING AUTHORITY REFUNDING CONTRACT

City of Novi
County of Oakland, Michigan

Minutes of a regular meeting of the City Council of the City of Novi, County of Oakland, Michigan, held in said City on the 21st day of December, 2010, 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 and the Novi Building Authority (the "Authority") have been advised that they may achieve interest cost savings by refunding a portion of the Authority's 1999 Building Authority (Senior Complex) Bonds, dated September 1, 1999 (the "Prior Bonds"); and

WHEREAS, it is reasonable and economically advantageous for the City and the Authority to take the necessary steps under the provisions of Act 31, Public Acts of Michigan, 1948 (First Extra Session), as amended, and Act 34, Public Acts of Michigan, 2001, as amended, to have the Authority issue refunding bonds to refund a portion of the Prior Bonds; and

WHEREAS, a Refunding Contract between the City and the Authority providing for the refunding of a portion of the Prior Bonds (the "Refunding Contract") has been prepared; and

WHEREAS, it is necessary that the City undertake and make certain covenants and representations respecting the Authority's proposed issuance of refunding bonds to refund the Prior Bonds (the "Refunding Bonds").

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Approval of Refunding. The City Council deems it to be in the best interest of the City to achieve interest cost savings by refunding a portion of the Prior Bonds through the issuance of refunding bonds in an amount not to exceed Three Million Two Hundred Thousand Dollars (\$3,200,000).
2. Approval of Refunding Contract. This Council hereby approves the Refunding Contract, in substantially the form accompanying this Resolution.
3. Execution of Refunding Contract. The Mayor and City Clerk of the City are authorized to execute immediately and deliver to the Authority the Refunding Contract approved by this Resolution. The Refunding Contract shall become effective immediately upon execution and delivery

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, Michigan, at a regular meeting held on December 21, 2010, 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.

Clerk, City of Novi

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REFUNDING CONTRACT

THIS REFUNDING CONTRACT, made and entered into as of the 17 day of December 2009, between the NOVI BUILDING AUTHORITY, a public corporation organized and existing under the authority of Act 31, Public Acts of Michigan, 1948 (First Extra Session), as amended (the "Act") (the "Authority"), and the provisions of Act 34, Public Acts of Michigan, 2001, as amended, ("Act 34") and the Act (collectively, the "Acts"), and the CITY OF NOVI, County of Oakland, a Michigan municipal corporation organized and existing under the Constitution and laws of the State of Michigan (the "City").

WITNESSETH:

WHEREAS, the Authority has been incorporated under and in pursuance of the provisions of the Act for the purpose of acquiring, furnishing, equipping, owning, improving, enlarging, operating and maintaining a building or buildings, automobile parking lots or structures, recreational facilities, stadiums, and the necessary site or sites therefor, together with appurtenant properties and facilities necessary or convenient for the effective use thereof, for use for any legitimate public purpose of the City; and

WHEREAS, the City and the Authority have entered into an Amended and Restated Limited Tax Full Faith and Credit General Obligation Contract of Lease, dated July 26, 1999 (the "Contract") wherein the Authority agreed to acquire public facilities and lease said facilities to the City; and

WHEREAS, bonds have been issued by the Authority pursuant to the Contract, designated 1999 Building Authority (Senior Complex) Bonds, dated September 1, 1999, (the "Prior Bonds"); and

WHEREAS, the Authority and the City have been advised that conditions in the bond market are such that all or a portion of the Prior Bonds could be refunded at a considerable savings; and

WHEREAS, it is the determination and judgment of the Authority and the City that all or a portion of the Prior Bonds should be refunded (the "Refunding") to secure for the City the interest savings anticipated and thereby permit the operation of the financed facilities in a more economical fashion for the benefit of the users of the facilities and the taxpayers of the City; and

WHEREAS, the execution of this contract (the "Refunding Contract") is necessary in order to implement a refunding program;

NOW, THEREFORE, in consideration of the premises and the covenants of each other, the parties hereto agree as follows:

1. Approval of Refunding. The Authority and the City hereby approve and confirm the Refunding under the provisions of the Acts in the manner provided by and pursuant to this Refunding Contract.

2. Issuance of Refunding Bonds. The Authority will issue a single series of refunding bonds (the "Refunding Bonds") in a total principal amount not to exceed \$3,200,000 in order to pay part of the costs of the Refunding. All costs of the Refunding and of issuing the Refunding Bonds, including

payment of the principal of and interest on the Prior Bonds, call premium, underwriting discount, bond and other printing, administrative, legal and financial advisory expenses, credit enhancement costs, rating fees, trustee and paying agent/registrar fees and all related expenses shall be paid from the proceeds of sale of the Refunding Bonds or from cash amounts to be made available by the City to pay such costs.

3. Authority Actions. To carry out and accomplish the Refunding in accordance with the provisions of Michigan law, the Authority shall take the following actions:

(a) The Authority has or will adopt a resolution providing for the issuance of the Refunding Bonds in an aggregate principal amount not to exceed \$3,200,000 (the "Refunding Bond Resolution"), based upon the Authority's analysis of the financial benefits of the Refunding. The Refunding Bonds will be issued in anticipation of the debt service installment payments required to be made by the City as provided in the Contract and as hereinafter provided in this Refunding Contract and will be secured primarily by the contractual obligations of the City to pay said installments when due, including interest. After due adoption of the Refunding Bond Resolution, the Authority will take all legal procedures and steps necessary to effectuate the sale and delivery of the Refunding Bonds.

(b) The Authority, upon receipt of proceeds of sale of the Refunding Bonds, will comply with all provisions and requirements of law, the Refunding Bond Resolution and this Refunding Contract relative to the disposition and use of the proceeds of sale thereof.

(c) The Authority shall not make any investments or take any other actions which would cause the Refunding Bonds herein authorized to be constituted as arbitrage bonds pursuant to any applicable federal statutes or regulations.

(d) The Authority shall take all steps necessary to refund the Prior Bonds on October 1, 2010.

4. Payments by City. The full principal amount of the Refunding Bonds shall be charged to and paid by the City to the Authority in annual principal installments, together with interest and other expenses as herein provided. It is understood and agreed that the Refunding Bonds of the Authority will be issued in anticipation of such payments by the City.

It is agreed that the City shall pay to the Authority, at least one business day prior to the annual maturity or mandatory redemption date of principal amounts of the Refunding Bonds, such principal amount, and in addition, at least one business day prior to each interest payment date on the Refunding Bonds, as accrued interest on the principal installments remaining unpaid, an amount sufficient to pay all interest due on the next succeeding interest payment date. From time to time as the Authority is billed by the registrar/transfer/paying agent for the Refunding Bonds for their services, and as other costs and expenses accrue to the Authority from handling of the payments made by the City or from other action taken in connection with the Refunding Bonds, the Authority shall notify the City of the amount of such fees, costs and expenses, and the City shall, within thirty (30) days from such notification, remit to the Authority sufficient funds to pay such amounts.

The Authority shall, within thirty (30) days after the delivery of the Refunding Bonds, furnish the City with a complete schedule of said installments and the interest thereon and due dates and shall also, at least thirty (30) days prior to each due date, advise the City, in writing, of the exact amount due

on the next due date. The failure to give such notice shall not, however, excuse the City from making required payments when due under the provisions hereof.

5. Limited Tax Full Faith and Credit Pledge of City. The City, pursuant to authorization of Section 8a of the Act and Act 34, hereby irrevocably pledges its full faith and credit for the prompt and timely payment of its obligations pledged for payment of the Refunding Bonds as expressed in this Refunding Contract. Pursuant to such pledge, if other funds are not available, the City shall be required to pay such amounts from any of its general funds as a first budget obligation and shall each year levy an ad valorem tax on all the taxable property in the City in an amount which, taking into consideration estimated delinquencies in tax collections, will be sufficient to pay such obligations under this Refunding Contract becoming due before the time of the following year's tax collections, such annual levy shall however be subject to applicable constitutional, statutory and charter tax rate limitations. Commitments of the City are expressly recognized as being for the purpose of providing funds to meet the respective contractual obligations of the City in anticipation of which the Refunding Bonds are issued. Nothing herein contained shall be construed to prevent the City from using any, or any combination of, the means and methods provided in Section 8a of the Act for the purpose of providing funds to meet its obligations under this Refunding Contract, and if at the time of making the annual tax levy there shall be other funds on hand earmarked and set aside for the payment of the contractual obligations due prior to the next tax collection period, then such annual tax levy may be reduced by such amount.

6. Prepayment. Additional moneys over and above any of the payments specified in this Refunding Contract may be prepaid as provided in this Refunding Contract.

7. Preservation of Contract Provisions. All provisions of the Contract not inconsistent herewith, and particularly all covenants relative to the payment of and security for the Prior Bonds made by the City therein, shall remain in full force and effect and shall apply with equal effect to the Refunding Bonds authorized hereby, it being understood that upon issuance of the Refunding Bonds, all or any portion of the Prior Bonds refunded will be defeased and the Refunding Bonds shall be substituted therefor and shall be outstanding in their place and stead.

8. Additional Financing. Nothing herein contained shall in any way be construed to prevent additional financing under the provisions of the Act.

9. Obligations and Undertakings Conditioned Upon Refunding. The obligations and undertakings of each of the parties to this Refunding Contract shall be conditioned upon the successful accomplishment of the proposed Refunding, and therefore if for any reason whatsoever the Refunding Bonds are not issued, then this Refunding Contract shall be considered void and of no force and effect; provided, however, that in such event, all costs and expenses shall be paid by the City in accordance with existing commitments to the Authority, and the Authority shall not be obligated for such costs and expenses.

10. Rights of Bondholders. The Authority and the City each recognize that the holders from time to time of the Refunding Bonds will have contractual rights in this Refunding Contract, and it is therefore covenanted and agreed by each of them that so long as any of the Refunding Bonds shall remain outstanding and unpaid, the provisions of this Refunding Contract shall not be subject to any alteration or revision which would in any manner materially affect either the security of the Refunding Bonds or the prompt payment of principal of or interest thereon. The City and the Authority further

covenant and agree that they will each comply with their respective duties and obligations under the terms of this Refunding Contract promptly at all times and in the manner herein set forth, and will not suffer to be done any act which would in any way impair the Refunding Bonds, the security therefor, or the prompt payment of principal of and interest thereon. It is hereby declared that the terms of this Refunding Contract insofar as they pertain to the security of the Refunding Bonds shall be deemed to be for the benefit of the holders of said Refunding Bonds.

11. Term. This Refunding Contract shall remain in full force and effect until the Refunding Bonds issued by the Authority are paid, at which time this Refunding Contract shall be terminated, and the provisions of the Contract relative to disposition of the financed facilities shall be carried out. In any event, the obligations of the City to make the payments required hereunder shall be terminated at such time as all of the Refunding Bonds are paid in full by the City, together with all interest and penalties and other obligations hereunder.

12. Benefit of Refunding Contract. This Refunding Contract shall inure to the benefit of and be binding upon the respective parties hereto, their successors and assigns.

IN WITNESS WHEREOF, the NOVI BUILDING AUTHORITY, by its Commission, and the CITY OF NOVI, COUNTY OF OAKLAND, MICHIGAN, by its City Council, have each caused its name to be signed to this instrument by its duly authorized officers and its seal to be affixed hereto the day and year first above written.

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

In the presence of:

NOVI BUILDING AUTHORITY

By _____
Chairman

By _____
Secretary

(Seal)

CITY OF NOVI

By _____
Mayor

By _____
Clerk

(Seal)

STATE OF MICHIGAN)
 : ss.
COUNTY OF OAKLAND)

On this ____ day of _____, 2010, before me appeared _____ and _____, to me personally known, who, being by me duly sworn, did, each for himself or herself, say that they are respectively the Chairman and Secretary of the Commission of the NOVI BUILDING AUTHORITY, a public corporation of the State of Michigan, and that said instrument was signed and sealed on behalf of said Authority by authority of its Commission, and the said persons acknowledged said instrument to be the free act and deed of said Authority.

Notary Public, Oakland County, MI
My Commission Expires: _____

STATE OF MICHIGAN)
 : ss.
COUNTY OF OAKLAND)

On this ____ day of _____, 2010, before me appeared _____ and _____, to me personally known, who, being by me duly sworn, did, each for himself or herself, say that they are respectively the Mayor and Clerk of the CITY OF NOVI, County of Oakland, Michigan, a municipal corporation in the State of Michigan, and that said instrument was signed and sealed on behalf of the said City by authority of its City Council and the said persons acknowledged said instrument to be the free act and deed of said City.

Notary Public, Oakland County, MI
My Commission Expires: _____

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

Novi Building Authority
County of Oakland, State of Michigan
2010 Building Authority Refunding Bonds,
Refunds Callable 1999 Senior Complex Bonds

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Novi Building Authority
County of Oakland, State of Michigan
2010 Building Authority Refunding Bonds,
Refunds Callable 1999 Senior Complex Bonds

Refunding Summary

Dated 01/13/2010 | Delivered 01/13/2010

Sources Of Funds

Par Amount of Bonds.....	\$3,060,000.00
Reoffering Premium.....	44,328.35
Total Sources.....	\$3,104,328.35

Uses Of Funds

Deposit to Net Cash Escrow Fund.....	3,027,602.62
Costs of Issuance.....	45,000.00
Total Underwriter's Discount (1.000%).....	30,600.00
Rounding Amount.....	1,125.73
Total Uses.....	\$3,104,328.35

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.....	\$3,027,602.62
Interest Earnings @ 0.169%.....	3,597.38
Total Draws.....	\$3,031,200.00

Issues Refunded And Call Dates

1999 Senior Complex Bonds (LT).....	10/01/2010
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FV Analysis Summary (Net to Net)

Net PV Cashflow Savings @ 2.560%(AIC).....	145,339.28
Contingency or Rounding Amount.....	1,125.73
Net Present Value Benefit.....	\$146,465.01
Net PV Benefit / \$2,850,000 Refunded Principal.....	5.139%

Bond Statistics

Average Life.....	3.565 Years
Average Coupon.....	2.2612437%
Net Interest Cost (NIC).....	2.1353879%
Bond Yield for Arbitrage Purposes.....	1.8334371%
True Interest Cost (TIC).....	2.1245179%
All Inclusive Cost (AIC).....	2.5596402%

Novi BA, Refunding Bonds | SINGLE PURPOSE | 12/ 1/2009 | 2:07 PM

Novi Building Authority
County of Oakland, State of Michigan
2010 Building Authority Refunding Bonds,
Refunds Callable 1999 Senior Complex Bonds

Pricing Summary

Maturity	Type	Maturity Value	Coupon	Yield	Yield to Call?	Price	Dollar Price	OIP/(OID)	CUSIP
10/01/2010	Serial	80,000.00	2.000%	0.800%	No	100.855%	80,684.00	684.00	
10/01/2011	Serial	610,000.00	2.000%	1.110%	No	101.508%	619,198.80	9,198.80	
10/01/2012	Serial	620,000.00	2.000%	1.350%	No	101.727%	630,707.40	10,707.40	
10/01/2013	Serial	625,000.00	2.000%	1.640%	No	101.291%	633,068.75	8,068.75	
10/01/2014	Serial	635,000.00	2.250%	2.000%	No	101.118%	642,099.30	7,099.30	
10/01/2015	Serial	490,000.00	2.750%	2.420%	No	101.749%	498,570.10	8,570.10	
Total	-	\$3,060,000.00	-	-	-	-	\$3,104,328.35	\$44,328.35	-

Bid Information

Par Amount of Bonds.....	\$3,060,000.00
Reoffering Premium or (Discount).....	44,328.35
Gross Production.....	\$3,104,328.35
Total Underwriter's Discount (1.000%).....	\$(30,600.00)
Bid (100.449%).....	3,073,728.35
Total Purchase Price.....	\$3,073,728.35
Bond Year Dollars.....	\$10,908.00
Average Life.....	3.565 Years
Average Coupon.....	2.2612437%
Net Interest Cost (NIC).....	2.1353879%
True Interest Cost (TIC).....	2.1245179%
All Inclusive Cost (AIC).....	2.5596402%

Novi Building Authority
County of Oakland, State of Michigan
2010 Building Authority Refunding Bonds,
Refunds Callable 1999 Senior Complex Bonds

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
01/13/2010	-	-	-	-	-
10/01/2010	80,000.00	2.000%	47,631.46	127,631.46	127,631.46
04/01/2011	-	-	32,431.25	32,431.25	-
10/01/2011	610,000.00	2.000%	32,431.25	642,431.25	674,862.50
04/01/2012	-	-	26,331.25	26,331.25	-
10/01/2012	620,000.00	2.000%	26,331.25	646,331.25	672,662.50
04/01/2013	-	-	20,131.25	20,131.25	-
10/01/2013	625,000.00	2.000%	20,131.25	645,131.25	665,262.50
04/01/2014	-	-	13,881.25	13,881.25	-
10/01/2014	635,000.00	2.250%	13,881.25	648,881.25	662,762.50
04/01/2015	-	-	6,737.50	6,737.50	-
10/01/2015	490,000.00	2.750%	6,737.50	496,737.50	503,475.00
Total	\$3,060,000.00	-	\$246,656.46	\$3,306,656.46	-

Yield Statistics

Bond Year Dollars.....	\$10,908.00
Average Life.....	3.565 Years
Average Coupon.....	2.2612437%
Net Interest Cost (NIC).....	2.1353879%
True Interest Cost (TIC).....	2.1245179%
Bond Yield for Arbitrage Purposes.....	1.8334371%
All Inclusive Cost (AIC).....	2.5596402%

IRS Form 8038

Net Interest Cost.....	1.8284033%
Weighted Average Maturity.....	3.565 Years

Novi Building Authority
County of Oakland, State of Michigan
2010 Building Authority Refunding Bonds,
Refunds Callable 1999 Senior Complex Bonds

Debt Service Comparison

Date	Total P+I	Existing D/S	Net New D/S	Old Net D/S	Savings	Fiscal Total
01/13/2010	-	-	-	-	-	-
04/01/2010	-	13,000.00	13,000.00	89,350.00	76,350.00	-
10/01/2010	127,631.46	513,000.00	640,631.46	589,350.00	(51,281.46)	25,068.54
04/01/2011	32,431.25	-	32,431.25	76,350.00	43,918.75	-
10/01/2011	642,431.25	-	642,431.25	626,350.00	(16,081.25)	27,837.50
04/01/2012	26,331.25	-	26,331.25	61,912.50	35,581.25	-
10/01/2012	646,331.25	-	646,331.25	636,912.50	(9,418.75)	26,162.50
04/01/2013	20,131.25	-	20,131.25	46,675.00	26,543.75	-
10/01/2013	645,131.25	-	645,131.25	646,675.00	1,543.75	28,087.50
04/01/2014	13,881.25	-	13,881.25	30,625.00	16,743.75	-
10/01/2014	648,881.25	-	648,881.25	655,625.00	6,743.75	23,487.50
04/01/2015	6,737.50	-	6,737.50	13,750.00	7,012.50	-
10/01/2015	496,737.50	-	496,737.50	513,750.00	17,012.50	24,025.00
Total	\$3,306,656.46	\$526,000.00	\$3,832,656.46	\$3,987,325.00	\$154,668.54	-

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings.....	145,339.28
Net PV Cashflow Savings @ 2.560%(AIC).....	145,339.28
Contingency or Rounding Amount.....	1,125.73
Net Present Value Benefit.....	\$146,465.01
Net PV Benefit / \$2,850,000 Refunded Principal.....	5.139%
Average Annual Cash Flow Savings.....	25,778.09

Refunding Bond Information

Refunding Dated Date.....	1/13/2010
Refunding Delivery Date.....	1/13/2010

Novi Building Authority
County of Oakland, State of Michigan
2010 Building Authority Refunding Bonds,
Refunds Callable 1999 Senior Complex Bonds

Refunding Analysis By Maturity

Maturity	Type of Bond	Coupon	Principal	Call Date	Total \$ Savings	Base Savings	Yield Blending	Total % Savings	Cumulative	Total %
1999 Senior Complex Bonds (LT)										
10/01/2011	Serial Coupon	5.250%	550,000	10/01/2010	-2,011	-0.150%	-0.216%	-0.366%	146,465	5.139%
10/01/2012	Serial Coupon	5.300%	575,000	10/01/2010	17,328	2.471%	0.542%	3.013%	148,476	6.455%
10/01/2013	Serial Coupon	5.350%	600,000	10/01/2010	35,124	5.121%	0.733%	5.854%	131,148	7.603%
10/01/2014	Serial Coupon	5.400%	625,000	10/01/2010	49,543	7.797%	0.130%	7.927%	96,024	8.536%
10/01/2015	Term 1 Coupon	5.500%	500,000	10/01/2010	46,482	10.725%	-1.429%	9.296%	46,482	9.296%
Subtotal		-	\$2,850,000	-	\$146,465	5.139%	-	5.139%	\$146,465	5.139%
Total		-	\$2,850,000	-	\$146,465	5.139%	-	5.139%	\$146,465	5.139%

Adjustments To Escrow Definition

Proposed Refunding Date.....	1/13/2010
Yield on Escrow Investments.....	0.1687324%
Present Value Savings Discount Rate.....	2.5596402%

Novi Building Authority
County of Oakland, State of Michigan
2010 Building Authority Refunding Bonds,
Refunds Callable 1999 Senior Complex Bonds

Proof Of Bond Yield @ 1.8334371%

Date	Cashflow	FV Factor	Present Value	Cumulative PV
01/13/2010	-	1.0000000x	-	-
10/01/2010	127,631.46	0.9870054x	125,972.94	125,972.94
04/01/2011	32,431.25	0.9780395x	31,719.04	157,691.98
10/01/2011	642,431.25	0.9691551x	622,615.52	780,307.51
04/01/2012	26,331.25	0.9603514x	25,287.25	805,594.76
10/01/2012	646,331.25	0.9516276x	615,066.68	1,420,661.44
04/01/2013	20,131.25	0.9429831x	18,983.43	1,439,644.87
10/01/2013	645,131.25	0.9344172x	602,821.71	2,042,466.58
04/01/2014	13,881.25	0.9259290x	12,853.05	2,055,319.63
10/01/2014	648,881.25	0.9175179x	595,360.19	2,650,679.82
04/01/2015	6,737.50	0.9091833x	6,125.62	2,656,805.44
10/01/2015	496,737.50	0.9009243x	447,522.91	3,104,328.35
Total	\$3,306,656.46	-	\$3,104,328.35	-

Derivation Of Target Amount

Par Amount of Bonds.....	\$3,060,000.00
Reoffering Premium or (Discount).....	44,328.35
Original Issue Proceeds.....	\$3,104,328.35

Novi Building Authority
County of Oakland, State of Michigan
2010 Building Authority Refunding Bonds,
Refunds Callable 1999 Senior Complex Bonds

Derivation Of Form 8038 Yield Statistics

Maturity	Issuance Value	Price	Issuance PRICE	Exponent	Bond Years
01/13/2010	-	-	-	-	-
10/01/2010	80,000.00	100.855%	80,684.00	0.7166667x	57,823.53
10/01/2011	610,000.00	101.508%	619,198.80	1.7166667x	1,062,957.94
10/01/2012	620,000.00	101.727%	630,707.40	2.7166667x	1,713,421.77
10/01/2013	625,000.00	101.291%	633,068.75	3.7166667x	2,352,905.52
10/01/2014	635,000.00	101.118%	642,099.30	4.7166667x	3,028,568.37
10/01/2015	490,000.00	101.749%	498,570.10	5.7166667x	2,850,159.07
Total	\$3,060,000.00	-	\$3,104,328.35	-	\$11,065,836.20

IRS Form 8038

Weighted Average Maturity = Bond Years/Issue Price.....	3.565 Years
Total Interest from Debt Service.....	246,656.46
Reoffering (Premium) or Discount.....	(44,328.35)
Total Interest.....	202,328.11
NIC = Interest / (Issue Price * Average Maturity).....	1.8284033%
Bond Yield for Arbitrage Purposes.....	1.8334371%

Novi Building Authority
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Refunds Callable 1999 Senior Complex Bonds

Summary Of Bonds Refunded

Issue	Maturity	Type	of Bond	Coupon	Maturity Value	Call Date	Call Price
<i>Dated 4/01/2005 Delivered 4/01/2005</i>							
1999 Senior Complex Bonds (LT)	10/01/2011	Serial	Coupon	5.250%	550,000	10/01/2010	101.000%
1999 Senior Complex Bonds (LT)	10/01/2012	Serial	Coupon	5.300%	575,000	10/01/2010	101.000%
1999 Senior Complex Bonds (LT)	10/01/2013	Serial	Coupon	5.350%	600,000	10/01/2010	101.000%
1999 Senior Complex Bonds (LT)	10/01/2014	Serial	Coupon	5.400%	625,000	10/01/2010	101.000%
1999 Senior Complex Bonds (LT)	10/01/2015	Term 1	Coupon	5.500%	500,000	10/01/2010	101.000%
Subtotal	~			-	\$2,850,000	~	-
Total	-			-	\$2,850,000	-	-

Novi Building Authority
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Debt Service To Maturity And To Call

Date	Refunded Bonds	Premium	Interest to Call	D/S To Call	Principal	Interest	Refunded D/S	Fiscal Total
04/01/2010	-	-	76,350.00	76,350.00	-	76,350.00	76,350.00	-
10/01/2010	2,850,000.00	28,500.00	76,350.00	2,954,850.00	-	76,350.00	76,350.00	152,700.00
04/01/2011	-	-	-	-	-	76,350.00	76,350.00	-
10/01/2011	-	-	-	-	550,000.00	76,350.00	626,350.00	702,700.00
04/01/2012	-	-	-	-	-	61,912.50	61,912.50	-
10/01/2012	-	-	-	-	575,000.00	61,912.50	636,912.50	698,825.00
04/01/2013	-	-	-	-	-	46,675.00	46,675.00	-
10/01/2013	-	-	-	-	600,000.00	46,675.00	646,675.00	693,350.00
04/01/2014	-	-	-	-	-	30,625.00	30,625.00	-
10/01/2014	-	-	-	-	625,000.00	30,625.00	655,625.00	686,250.00
04/01/2015	-	-	-	-	-	13,750.00	13,750.00	-
10/01/2015	-	-	-	-	500,000.00	13,750.00	513,750.00	527,500.00
Total	\$2,850,000.00	\$28,500.00	\$152,700.00	\$3,031,200.00	\$2,850,000.00	\$611,325.00	\$3,461,325.00	-

Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation.....	1/13/2010
Average Life.....	3.699 Years
Average Coupon.....	5.7986720%
Weighted Average Maturity (Par Basis).....	3.699 Years

Refunding Bond Information

Refunding Dated Date.....	1/13/2010
Refunding Delivery Date.....	1/13/2010

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Escrow Fund Cashflow

Date	Principal	Rate	Interest	Receipts	Disbursements	Cash Balance
04/01/2010	76,340.00	0.060%	9.78	76,350.40	76,350.00	0.40
10/01/2010	2,951,262.00	0.170%	3,587.60	2,954,849.60	2,954,850.00	-
Total	\$3,027,602.00	-	\$3,597.38	\$3,031,200.00	\$3,031,200.00	-

Investment Parameters

Investment Model [PV, GIC, or Securities].....	Securities
Default investment yield target.....	Bond Yield
Cash Deposit.....	0.62
Cost of Investments Purchased with Bond Proceeds.....	3,027,602.00
Total Cost of Investments.....	\$3,027,602.62
Target Cost of Investments at bond yield.....	\$2,992,501.58
Actual positive or (negative) arbitrage.....	(35,101.04)
Yield to Receipt.....	0.1687324%
Yield for Arbitrage Purposes.....	1.8334371%
State and Local Government Series (SLGS) rates for.....	12/01/2009

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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	76,340	76,340.00	-	76,340.00
10/01/2010	SLGS-CI	0.170%	0.170%	100-.000000	2,951,262	2,951,262.00	-	2,951,262.00
Subtotal		-	-	-	\$3,027,602	\$3,027,602.00	-	\$3,027,602.00
Total		-	-	-	\$3,027,602	\$3,027,602.00	-	\$3,027,602.00

Escrow

Cash Deposit.....	0.62
Cost of Investments Purchased with Bond Proceeds.....	3,027,602.00
Total Cost of Investments.....	\$3,027,602.62

Delivery Date..... 1/13/2010

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Primary Purpose Fund Proof Of Yield @ 0.1687324%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
01/13/2010	-	1.0000000x	-	-
04/01/2010	76,349.78	0.9996346x	76,321.88	76,321.88
10/01/2010	2,954,849.60	0.9987920x	2,951,280.12	3,027,602.00
Total	\$3,031,199.38	-	\$3,027,602.00	-

Composition Of Initial Deposit

Cost of Investments Purchased with Bond Proceeds.....	3,027,602.00
Adjusted Cost of Investments.....	3,027,602.00

