

cityofnovi.org

CITY of NOVI CITY COUNCIL

**Agenda Item 1
June 9, 2008**

SUBJECT: Resolution Awarding Sale of 2008 Unlimited Tax General Obligation Library Bonds to the low bidder _____ (not to exceed \$16,000,000), with a true interest cost of _____%. (Note: The bids are due on June 9 at 2:00 p.m., the completed motion sheet and resolution will be placed at the CC table prior to the start of the meeting.)

SUBMITTING DEPARTMENT: Finance

CITY MANAGER APPROVAL

The City of Novi has set June 9, 2008, 2:00 p.m. as the date and time for opening bids for the purchase of bonds for the construction of a new library in an amount not to exceed \$16,000,000. The bids will be delivered the week of June 23, 2008.

RECOMMENDED ACTION: Resolution Awarding Sale of 2008 Unlimited Tax General Obligation Library Bonds to the low bidder _____ (not to exceed \$16,000,000), with a true interest cost of _____%. (Note: The bids are due on June 9 at 2:00 p.m., the completed motion sheet and resolution will be placed at the CC table prior to the start of the meeting.)

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

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

**RESOLUTION AWARDING SALE OF
2008 UNLIMITED TAX GENERAL OBLIGATION LIBRARY 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 9th day of June, 2008, 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 Council of the City of Novi, County of Oakland, State of Michigan (the "City") adopted a bond authorizing resolution on February 25, 2008 authorizing the issuance of its not to exceed \$16,000,000 2008 Unlimited Tax General Obligation Library Bonds (the "Bonds"), and has offered the Bonds for competitive sale; and

WHEREAS, Monday, June 9, 2008, at 2:00 p.m., Eastern Daylight Time, has been set as the date and time for opening bids for the purchase of the Bonds; and

WHEREAS, said bids have been publicly opened and read; and

WHEREAS, the bids attached hereto as Exhibit A have been received; and

WHEREAS, it is appropriate for the City Council to award the sale of the Bonds to the bidder whose bid meets the requirements of law and which has been determined to produce the lowest true interest cost to the City.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Award. The bid of _____, as attached hereto as part of Exhibit A, is determined to produce the lowest true interest cost to the City, and the bid is hereby approved and accepted.

2. Bond Terms. The Bonds shall be designated 2008 Unlimited Tax General Obligation Library Bonds and shall be dated, shall be in the principal amounts, shall mature, bear interest, be subject to redemption and otherwise conform in all respects to the terms set forth in the Official Notice of Sale as published in *The Bond Buyer*.

3. Return of Good Faith Checks. Checks received from the unsuccessful bidders

shall be returned to each bidder's representative or by overnight courier as set forth in the Official Notice of Sale as published.

4. Tax Covenant. The City hereby covenants that, to the extent permitted by law, it 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, including, but not limited to, actions relating to any required rebate of arbitrage earnings and the expenditures and investment of Bond proceeds and moneys deemed to be Bond proceeds.

5. Repealer. All resolutions and parts of resolutions expressly inconsistent with the provisions of this Resolution be and the same hereby are rescinded.

AYES: Members _____

NAYS: Members _____

RESOLUTION DECLARED ADOPTED.

Maryanne Cornelius
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 9, 2008, 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.

Maryanne Cornelius
City Clerk

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

EXHIBIT A

BIDS RECEIVED

[Attach Results of Bidding Here]

OFFICIAL NOTICE OF SALE

\$16,000,000*

(subject to adjustment as described below)

CITY OF NOVI

COUNTY OF OAKLAND, STATE OF MICHIGAN

2008 UNLIMITED TAX GENERAL OBLIGATION LIBRARY BONDS

SEALED BIDS: Sealed bids for the purchase of the above bonds will be received at the City Clerk's office in the City Hall located at 45175 West Ten Mile Road, Novi, Michigan, 48375-3724 on Monday, the 9th day of June, 2008, until 2:00 o'clock p.m., Eastern Daylight Time, at which time and place said bids will be publicly opened and read. Sealed bids for the purchase of the above bonds will also be received until the same time and on the same date at the offices of Bendzinski & Co., Municipal Finance Advisors, 607 Shelby, Suite 600, Detroit, Michigan 48226, at which time and place said bids will be simultaneously opened and read. The City Council will meet on that date to consider the award or rejection of bids.

FAXED BIDS: Signed bids may be submitted by fax to Bendzinski & Co. at (313) 961-8220; provided that faxed bids must arrive before the time of sale and the bidder bears all risks of transmission failure and the GOOD FAITH DEPOSIT MUST BE MADE AND RECEIVED as described in the section contained "GOOD FAITH" below.

ELECTRONIC BIDS: Electronic bids will also be received on the same date and until the same time by Bidcomp/Parity as agent of the undersigned. Further information about Bidcomp/Parity, including any fee charged, may be obtained from Bidcomp/Parity, Anthony Leyden or CLIENT SERVICES, 1359 Broadway, Second Floor, New York, New York 10018, (212) 849-5021. NO ELECTRONIC BID WILL BE ACCEPTED UNLESS THE BIDDER HAS SUBMITTED A FINANCIAL SURETY BOND OR A CERTIFIED OR CASHIERS CHECK IN THE AMOUNT DESCRIBED IN THE SECTION CAPTIONED "GOOD FAITH" BELOW. IF ANY PROVISIONS OF THIS NOTICE OF SALE SHALL CONFLICT WITH THE INFORMATION PROVIDED BY BIDCOMP/PARITY, AS THE APPROVED PROVIDER OF ELECTRONIC BIDDING SERVICES, THIS NOTICE OF SALE SHALL CONTROL. NO CHANGE OF THE DATED DATE WILL BE ALLOWED FOR THE COMPUTATION OF THE WINNING BID.

Bidders may choose any of the above means or location to present bids but a bidder may not present a bid in more than one location or by more than one means.

BOND DETAILS: The bonds will be registered bonds of the denomination of \$5,000 or multiples thereof not exceeding for each maturity the maximum principal amount of that maturity, originally dated as of June 1, 2008, numbered in order of

registration, and will bear interest from their date payable on October 1, 2008, and semiannually thereafter.

Subject to adjustment as described below, the bonds will mature on the 1st day of October in each of the years, as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2010	\$250,000	2019	\$ 750,000
2011	500,000	2020	1,000,000
2012	500,000	2021	1,000,000
2013	500,000	2022	1,000,000
2014	500,000	2023	1,250,000
2015	500,000	2024	1,250,000
2016	750,000	2025	1,500,000
2017	750,000	2026	1,500,000
2018	750,000	2027	1,750,000

*ADJUSTMENT OF TOTAL PAR AMOUNT OF BONDS AND PRINCIPAL MATURITIES: Following receipt of bids and prior to final award, the City reserves the right to increase or decrease the aggregate principal amount of the issue by an amount not to exceed \$500,000. The increase or decrease will be in increments of \$5,000, will not exceed \$100,000 per maturity and may be made in any maturity. The purchase price will be adjusted proportionately to the increase or decrease in issue size, but the interest rates specified by the successful bidder for all maturities will not change. The successful bidder may not withdraw its bid as a result of any changes made within these limits.

PRIOR REDEMPTION OF BONDS: Bonds maturing in the years 2010 to 2018, inclusive, shall not be subject to redemption prior to maturity. Bonds or portions of bonds in multiples of \$5,000 maturing in the years 2019 to 2027, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and by lot within any maturity, on any date on or after October 1, 2018, at par and accrued interest to the date fixed for redemption.

In case less than the full amount of an outstanding bond is called for redemption, the transfer agent, upon presentation of the bond called for redemption, shall register, authenticate and deliver to the registered owner of record a new bond in the principal amount of the portion of the original bond not called for redemption.

Notice of redemption shall be given to the registered owner of any bond or portion thereof called for redemption by mailing of such notice not less than thirty (30) days prior to the date fixed for redemption to the registered address of the registered owner of record. A bond or portion thereof so called for redemption shall not bear interest after the

date fixed for redemption provided funds are on hand with the transfer agent to redeem said bond or portion thereof.

TERM BOND OPTION: Bidders shall have the option of designating bonds maturing in the years 2019 through 2027, inclusive as serial bonds or term bonds or both. The bid must designate whether each of the principal amounts shown above for the years 2019 through 2027, inclusive, represent a serial maturity or a mandatory redemption requirement for a term bond maturity. In any event, the above principal amount schedule for the years 2019 through 2027, inclusive shall be represented by either serial bond maturities or mandatory redemption requirements or a combination of both. Any such designation must be made at the time bids are submitted.

INTEREST RATE AND BIDDING DETAILS: The bonds shall bear interest at rate or rates not exceeding 6% per annum, to be fixed by the bids therefor, expressed in multiples of 1/8 or 1/20 of 1%, or both. The interest on any one bond shall be at one rate only and all bonds maturing in any one year must carry the same interest rate. The difference between the highest and lowest interest rates bid shall not exceed two percent (2%) per annum. No proposal for the purchase of less than all of the bonds or at a price less than 99.25% or greater than 103% of their par value will be considered.

BOOK-ENTRY ONLY: The bonds will be issued in book-entry only form as one fully registered bond per maturity and will be registered in the name of Cede & Co., as bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the bonds. Purchase of the bonds will be made in book-entry-only form, in the denomination of \$5,000 or any multiple thereof. Purchasers will not receive certificates representing their interest in bonds purchased. It shall be the responsibility of the purchaser to obtain DTC eligibility. Failure of the purchaser to obtain DTC eligibility shall not constitute cause for a failure or refusal by the purchaser to accept delivery of and pay for the bonds. The book-entry-only system is described further in the preliminary Official Statement for the bonds.

TRANSFER AGENT AND REGISTRATION: Principal shall be payable at the principal corporate trust office of The Bank of New York Trust Company, N.A., Detroit, Michigan, or such other transfer agent as the City may hereafter designate by notice mailed to the registered owner of record not less than 60 days prior to an interest payment date. Interest shall be paid by check mailed to the registered owner of record as shown on the registration books of the City as of the 15th day of the month prior to an interest payment date. The bonds will be transferred only upon the registration books of the City kept by the transfer agent.

PURPOSE AND SECURITY: The bonds were authorized at an election held on November 6, 2007 for the purpose of paying the cost of certain library improvements. The bonds will pledge the full faith and credit of the City for payment of the principal and interest thereon and will be payable from ad valorem taxes which may be levied

without limitation as to rate or amount. The rights or remedies of bondholders may be affected by bankruptcy insolvency, fraudulent conveyance or other laws affecting creditors' rights generally now existing or hereafter enacted and by the application of general principles of equity including those relating to equitable subordination.

GOOD FAITH: A certified or cashier's check drawn upon an incorporated bank or trust company or a Financial Surety Bond, in the amount of \$160,000, and payable to the order of the Treasurer of the City is required for each bid as a guaranty of good faith on the part of the bidder, to be forfeited as a portion of the City's damages if such bid be accepted and the bidder fails to take up and pay for the bonds. If a check is used, it must accompany each bid. If a Financial Surety Bond is used, it must be from an insurance company licensed to issue such a bond in the State of Michigan and such Bond must be submitted to the City's financial advisor prior to the opening of the bids. The Financial Surety Bond must identify each bidder whose good faith deposit is guaranteed by such Financial Surety Bond. If the bonds are awarded to a bidder utilizing a Financial Surety Bond, then that purchaser (the "Purchaser") is required to submit its good faith deposit to the City in the form of a cashier's check (or wire transfer such amount as instructed by the City or its financial advisor) not later than Noon, Eastern Daylight Time, on the next business day following the award. If such good faith deposit is not received by that time, the Financial Surety Bond may be drawn upon by the City to satisfy the good faith deposit requirement. The good faith deposit will be applied to the purchase price of the bonds. In the event the purchaser fails to honor its accepted bid, the good faith deposit will be retained by the City. No interest shall be allowed on the good faith check and checks of the unsuccessful bidders will be returned to each bidder's representative or by overnight delivery. The good faith check of the successful bidder will be cashed and payment for the balance of the purchase price of the bonds shall be made at the closing.

AWARD OF BONDS: The bonds will be awarded to the bidder whose bid produces the lowest true interest cost determined in the following manner: the lowest true interest cost will be the single interest rate (compounded on October 1, 2008 and semi-annually thereafter) necessary to discount the debt service payments from their respective payment dates to June 27, 2008, in an amount equal to the price bid, excluding accrued interest.

TAX MATTERS: In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., bond counsel, under existing law, assuming compliance with certain covenants, interest on the bonds is excludable from gross income for federal income tax purposes as described in the opinion, and the bonds and interest thereon are exempt from all taxation in the State of Michigan except inheritance and estate taxes, taxes on gains realized from the sale, payment or other disposition thereof and with respect to certain taxpayers, portions of the Michigan Business Tax. The successful bidder will be required to furnish, prior to the delivery of the bonds, a certificate in a form acceptable to bond counsel as to the "issue price" of the bonds within the meaning of Section 1273 of the Internal

Revenue Code of 1986.

LEGAL OPINION: Bids shall be conditioned upon the approving opinion of Miller, Canfield, Paddock and Stone, P.L.C., attorneys of Detroit, Michigan, a copy of which opinion will be furnished without expense to the purchaser of the bonds at the delivery thereof. The fees of Miller, Canfield, Paddock and Stone, P.L.C. for services rendered in connection with such approving opinion are expected to be paid from bond proceeds. Except to the extent necessary to issue its approving opinion as to validity of the above bonds, Miller, Canfield, Paddock and Stone, P.L.C. has not been requested to examine or review and has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the bonds, and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials. In submitting a proposal for the bonds, the bidder agrees to the representation of the City by Miller, Canfield, Paddock and Stone, P.L.C. as bond counsel.

NOT "QUALIFIED TAX EXEMPT OBLIGATIONS": The City has not designated this issue of bonds as "qualified tax exempt obligations" for purposes of deduction of interest expense by financial institutions as defined in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

DELIVERY OF BONDS: The City will furnish bonds ready for execution at its expense. Bonds will be delivered without expense to the purchaser at New York, New York, or such other place to be agreed upon. The usual closing documents, including a certificate that no litigation is pending affecting the issuance of the bonds, will be delivered at the time of delivery of the bonds. If the bonds are not tendered for delivery by twelve o'clock noon, Eastern Daylight Time, on the 45th day following the date of sale, or the first business day thereafter if said 45th day is not a business day, the successful bidder may on that day, or any time thereafter until delivery of the bonds, withdraw its proposal by serving notice of cancellation, in writing, on the undersigned in which event the City shall promptly return the good faith deposit. Payment for the bonds shall be made in Federal Reserve Funds. Accrued interest to the date of delivery of the bonds shall be paid by the purchaser at the time of delivery.

CUSIP NUMBERS: It is anticipated that CUSIP identification numbers will be printed on the bonds, but neither the failure to print such numbers on any bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the bonds in accordance with terms of the purchase contract. All expenses in relation to the printing of CUSIP numbers on the bonds shall be paid for by the City; provided, however, that the CUSIP Service Bureau charge for the assignment of such numbers shall be the responsibility of and shall be paid for by the purchaser.

OFFICIAL STATEMENT: A preliminary Official Statement that the City deems to be final as of its date, except for the omission of information permitted to be omitted by Rule 15c2-12 of the Securities and Exchange Commission, has been prepared and may be obtained from Bendzinski & Co., Municipal Finance Advisors, financial advisors to the City, at the address and telephone listed under FINANCIAL ADVISOR below. Bendzinski & Co., will provide the winning bidder with 100 final Official Statements within 7 business days from the date of sale to permit the purchaser to comply with Securities and Exchange Commission Rule 15c2-12. Additional copies of the Official Statement will be supplied by Bendzinski & Co., upon request and agreement by the purchaser to pay the cost of additional copies. The request for additional copies should be made to Bendzinski & Co. within 24 hours of the time of sale.

BOND INSURANCE AT PURCHASER'S OPTION. If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the bidder/purchaser, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the purchaser of the Bonds. Any increased costs of issuance of the Bonds resulting from such purchaser of insurance shall be paid by the purchaser, except that, if the City has requested and received a rating on the Bonds from a rating agency, the City will pay the fee for the requested rating. Any other rating agency fees shall be the responsibility of the purchaser. FAILURE OF THE MUNICIPAL BOND INSURER TO ISSUE THE POLICY AFTER THE BONDS HAVE BEEN AWARDED TO THE PURCHASER SHALL NOT CONSTITUTE CAUSE FOR FAILURE OR REFUSAL BY THE PURCHASER TO ACCEPT DELIVERY OF THE BONDS FROM THE CITY.

CONTINUING DISCLOSURE: As described more fully in the Official Statement, the City has agreed to provide or cause to be provided, in accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission, on or prior to the last day of the sixth month after the end of the fiscal year of the City, commencing with the fiscal year ended June 30, 2008, (i) certain annual financial information and operating data, including audited financial statements for the preceding fiscal year, generally consistent with the information contained or cross-referenced in the Official Statement relating to the bonds, (ii) timely notice of the occurrence of certain material events with respect to the bonds and (iii) timely notice of a failure by the City to provide the required annual financial information on or before the date specified in (i) above.

FINANCIAL ADVISOR: Further information relating to the bonds may be obtained from Bendzinski & Co., Municipal Finance Advisors, 607 Shelby, Suite 600, Detroit, Michigan 48226-3282. Telephone (313) 961-8222, FAX (313) 961-8220.

THE RIGHT IS RESERVED TO REJECT ANY OR ALL BIDS.

ENVELOPES containing the bids should be plainly marked "Proposal for 2008

Unlimited Tax General Obligation Library Bonds.”

Maryanne Cornelius
City Clerk
City of Novi

DELIB:2971753.2\065576-00090

Founded in 1852
by Sidney Davy Miller

MILLER CANFIELD

PATRICK F. MCGOW
TEL (313) 496-7684
FAX (313) 496-8450
E-MAIL mcgow@millercanfield.com

Miller, Canfield, Paddock and Stone, P.L.C.
150 West Jefferson, Suite 2500
Detroit, Michigan 48226
TEL (313) 963-6420
FAX (313) 496-7500
www.millercanfield.com

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CANADA: Toronto • Windsor

POLAND: Gdynia
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June 2, 2008

Via Email and U.S. Mail

Ms. Kathy Smith-Roy
Finance Director and City Treasurer
City of Novi
45175 W. Ten Mile Road
Novi, MI 48375-3024

Re: \$16,000,000 City of Novi 2008 Unlimited Tax General Obligation Library
Bonds

Dear Kathy:

The sale of the Bonds has been scheduled for Monday, June 9th at 2:00 p.m. and an Awarding Resolution will be considered for approval by the City Council at its meeting later that night. I have enclosed a form of Awarding Resolution to be considered for approval by the City Council at its meeting scheduled on June 9th. *

In order to complete the Awarding Resolution prior to adoption, after the Bond sale you will need to insert the name of the low bidder in the blank in paragraph 1 and attach a copy of the summary sheet of the bids received as Exhibit A to the Awarding Resolution. The Awarding Resolution will then be ready for consideration by the City Council at its meeting.

I have also enclosed a copy of the Official Notice of Sale for the Bonds. The Notice was published in the Bond Buyer on Thursday, May 29th to comply with state law requirements. You do not need to do anything with this Notice, it is for your records.

I will be in your office at the time of the sale at 2:00 p.m., which is the time designated for the receipt of bids for the Bonds. One of my associates will be at the offices of Bendzinski & Co. in Detroit to assist with the receipt of bids on behalf of the City. At 2:00 p.m. we will have a conference call to open bids and to identify the winning bidder shortly after opening all the bids and verifying the interest calculation.

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

Kathy Smith-Roy

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June 2, 2008

All bids will then be faxed to the City so that they are available for the City Council meeting. A summary sheet will be prepared by Bendzinski & Co. that tabulates the bids.

As we discussed, in the event that the winning bidder bids at a premium, we may need to revise the Awarding Resolution and decrease the size of the Bonds to take into account the extra proceeds that would result from a premium bid. We would be able to make that revision after the bond sale and before the Council meeting that evening.

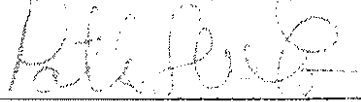
*
will still
result in
\$16,000,000
of proceeds

We have tentatively designated June 27th as the closing date for the Bonds, which is the day the City will receive the Bond proceeds. This will allow us time to prepare the necessary closing documents and make the arrangements for the delivery of the Bonds and the transfer of the Bond proceeds to the City.

If you have any questions, please give me a call.

Very truly yours,

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

By: 

Patrick F. McGow

Enclosures

cc (w/encl.): Clay Pearson, City Manager
Robert J. Bendzinski
Thomas R. Schultz, Esq.