



CITY OF NOVI CITY COUNCIL
FEBRUARY 10, 2025

SUBJECT: Approve Miller Canfield as the Bond Counsel Firm and PFM Financial Advisors as the Financial Advisory Services Provider for the Public Safety Facilities Bond subject to final review of the form of agreement by the City Manager's office and City Attorney

SUBMITTING DEPARTMENT: City Manager's Office

KEY HIGHLIGHTS:

- The City is moving forward with the issuance of UTGO Bonds to fund public safety infrastructure improvements
- Support from bond experts is necessary to assist the City through the process of selling bonds and generating the proper schedules for structuring the debt for the projects
- Miller Canfield's bond counsel services are proposed at \$96,400 for a \$100 million bond issuance, reflecting a 20% discount from their standard pricing.
- PFM Financial Advisors have estimated that per the bonded amount, their fee would be north of \$100,000
- The selection of these firms ensures the City benefits from expert legal and financial guidance, maximizing efficiency and compliance.
- These services will help secure the most favorable terms for financing the City's public safety facilities.
- All fees associated with both firm's work will be included in the bond issuance costs

BACKGROUND INFORMATION:

The City has worked previously with both firms when the City built the new Library. Miller Canfield as Bond Counsel will provide legal expertise in structuring the issuance, ensuring compliance with municipal, state, and federal regulations, and assisting with post-issuance obligations. The firm proposes a flat-fee structure based on the bond size, with a 20% discount off standard rates. For an anticipated bond issuance of \$100 million, the total fee would be \$96,400, payable at bond closing from proceeds.

Additionally, PFM Financial Advisors LLC (PFMFA) serves as a Financial Advisor, assisting in debt structuring, credit rating strategies, and investor marketing to optimize financing terms. PFMFA's compensation is based on the amount bonded, currently the estimate fee total is just over \$100,000 plus reimbursable expenses, including travel and rating agency fees.

These firms bring extensive experience in municipal bond issuances and will support the City in securing the most cost-effective financing for these critical public safety investments.

RECOMMENDED ACTION: Approve Miller Canfield as the Bond Counsel Firm and PFM Financial Advisors as the Financial Advisory Services Provider for the Public Safety Facilities Bond subject to final review of the form of agreement by the City Manager's office and City Attorney



January 24, 2025

Mr. Victor Cardenas, City Manager
City of Novi
45175 Ten Mile Rd
Novi, MI 48375-3024

RE: Novi City Proposed Unlimited Tax General Obligation Bonds

Dear Victor:

pfm

555 Briarwood Circle
Suite 333
Ann Arbor, MI 48108
734.994.9700

pfm.com

The following is PFM Financial Advisors LLC (“PFMFA”) engagement letter to provide Financial Advisory Services to the City in connection with the above referenced Bonds. A general summary of the services PFMFA will provide in the *financial advisory capacity* for each series of bonds is as follows and any material changes in or additions to the scope of services described below shall be promptly reflected in writing:

Develop and Monitor Financing Schedule

- Coordinate a plan for timely completion of the financing

Analyze Debt Structure Alternatives

- Design a structure which seeks to maximize market interest and future financing flexibility while being consistent with debt needs and policies

Review Existing Debt Structure

- Document current debt structure
- Identify strengths and weaknesses of structure in order to structure future debt issues that seek to maximize the ability to finance future capital needs
- Identify refunding opportunities

Assistance completing Department of Treasury Applications

- Prepare necessary financial schedules required for filing with the Department of Treasury
- Prepare necessary applications required by the Department of Treasury

Advise on the sale method (Negotiated Sale, Competitive Sale or Private Placement)

- When requested, we will assist in the selection of an underwriter or underwriting syndicate and coordinate activities of the underwriters

Assist the City with the Selection of Working Group Members, if requested

- Coordinate the selection of a team that can effectively bring an issue to market, if requested

Develop Terms of the Financing

- Assist in helping to ensure credit quality and present terms which are attractive to investors to create broad-based interest in the debt
- Assist in helping to maximize City's future flexibility



Review and Assist in Preparing Marketing Information

- PFMFA will review marketing materials to assist with accuracy and completeness.
- PFMFA will assist in preparing a comprehensive Official Statement or Marketing Information package, as applicable

Develop Financing Documents

- Assist the City by reviewing all contractual and business terms from the City's perspective

Develop Marketing Plan

- With an objective to maximize underwriter and investor interest in the securities

Develop Rating Presentation and/or Assist with Rating Calls or Meetings

- To seek to obtain highest possible credit rating for debt issue
- Formulate and implement long-term credit rating strategy

Assist with Obtaining Credit Enhancements, if Necessary

- PFMFA will work with the City and other working group members to determine if credit enhancement is beneficial to the City and if so, will coordinate obtaining pricing on credit enhancements and advise the City as to the cost benefit of the purchase of the credit enhancement.

Timing Entry into the Market

- Schedule bond sale around other pertinent/comparable financings as well as the release of various economic indicators

Assist With Pricing of Bonds

- Assist City in obtaining the lowest interest rate for given market
- Provide written documentation of acceptability of pricing

Prepare Post-Sale Information

- Prepare a results of bidding or sale summary
- Prepare final payment schedules and applications
- Assist with the preparation of closing information including closing statements, schedules and information

Closing Activities

- Handle all activities necessary to assist in ensuring a smooth closing of the bonds



Fees for Services

General Obligation Bond Fee Schedule:

- Base fee of \$8,000
- Plus \$3.00 per \$1,000 of bonds up to \$5,000,000
- Plus \$1.10 per \$1,000 of bonds over \$5,000,000 up to \$25,000,000
- Plus \$0.90 per \$1,000 of bonds \$25,000,000 and above
- Less 10% discount for multi-series bond authorization

For example, if the City's bonds are issued in multiple series, and the first series was \$30,000,000 the fee would be \$34,650 (\$8,000 + \$15,000 + \$22,000 + \$4,500 = \$49,500 - \$4,950 = \$44,550).

PFMFA's fee will be based on the actual financing amount (including original issue premium if applicable) of bonds sold and delivered. In addition to the fee schedule above a data fee may be charged on a publicly issued bond transaction. The above reflects our fee structure as of this date and is subject to periodic revision. Any change in fees will be communicated in writing prior to the time the proposed future Bonds are issued.

Any travel and out-of-pocket expenses for attendance at meetings at the request of the City as well as any other issuance related cost incurred by PFMFA on behalf of the City will be billed in addition to the above fee, including the Municipal Advisory Council assessment fee of \$450 per bond issue.

If the City does not proceed with the financing, no fee would be due to PFMFA, except for reimbursable expenses incurred at the City's request.

This agreement may be extended to other issuances by mutual agreement between the City and PFM Financial Advisors LLC.

Registered Municipal Advisor

Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") makes it unlawful for municipal advisors to provide advice regarding municipal financial products or the issuance of municipal securities without being registered with the Municipal Securities Rulemaking Board ("MSRB").

Conflict of Interest

Attached please find a copy of the **DISCLOSURE OF CONFLICTS OF INTEREST AND OTHER INFORMATION** we have prepared for the City.



Termination of Engagement:

This engagement may be terminated by either party with 30 days' notice. If the termination occurs mid-transaction, the City would pay PFMFA a mutually agreeable amount for services rendered on the transaction up to the point of termination.

Should you have any questions or require additional information, please call. Again, thank you for the opportunity to continue to represent you on your financings.

Respectfully submitted,

Kari L. Blanchett
Managing Director



January 9, 2025

Miller, Canfield, Paddock and Stone, P.L.C.
150 West Jefferson Avenue
Suite 2500
Detroit, MI 48226-4415

To Whom It May Concern:

CONFIRMATION OF INSURANCE

We hereby confirm that Miller, Canfield, Paddock and Stone, P.L.C. has Professional Liability Coverage under Policy LPL-1449-2025 with an annual limit of \$40,000,000 per claim and \$80,000,000 in the aggregate with the right, under stated conditions, to purchase extended reporting rights upon termination of such Policy by ALAS.

The self-insured retention under such Policy is \$1,000,000 each claim up to an aggregate of \$2,000,000 and \$100,000 each claim thereafter.

The Policy effective date is from January 1, 2025 to January 1, 2026.

Such Policy is subject to the terms, conditions, limitations and exclusions stated therein.

**ATTORNEYS' LIABILITY ASSURANCE SOCIETY LTD.,
A RISK RETENTION GROUP**

By: 

Nancy J. Montroy
Vice President – Director of Underwriting

Date: 1/9/2025

10 South Riverside Plaza
Suite 1100
Chicago, IL 60606
312.697.6900 tel
312.697.6901 fax

alas.com

Founded in 1852
by Sidney Davy Miller

MILLER CANFIELD

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ILLINOIS
NEW YORK
OHIO
WASHINGTON, D.C.
CANADA
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POLAND
QATAR

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Detroit, Michigan 48226
TEL (313) 963-6420
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www.millercanfield.com

February 3, 2025

Victor Cardenas
City Manager
City of Novi
45175 W. Ten Mile Road
Novi, MI 48375-3024

Re: City of Novi – Unlimited Tax General Obligation Bonds for Police Headquarters
and Fire Station Projects

Dear Victor:

We appreciate the opportunity to serve the City of Novi (the “City”) as bond counsel in connection with the proposed issuance of unlimited tax general obligation bonds (the “Bonds”) to finance the construction of a new police headquarters and fire station projects for the City. You may be assured of our prompt and complete attention to this financing. It is our practice when beginning work on a new matter to send an engagement letter like this which sets forth the scope of our services as bond counsel and the nature of our compensation.

Bond Counsel’s Role

Bond counsel is engaged as a recognized expert whose primary responsibility is to render an objective legal opinion with respect to the authorization and issuance of the Bonds. Our approving legal opinion with respect to the Bonds will be executed and delivered by us in written form on the date the Bonds are exchanged for their purchase price and will be based upon facts and law existing as of its date. In rendering the opinion, we will rely upon the certified proceedings and other certifications of public officials and by other persons furnished to us without undertaking independent verification of the information contained in the proceedings and certifications.

In performing our services as bond counsel, our client is the City and we will represent its interests. However, our representation of the City does not alter our responsibility to render an objective opinion as bond counsel. Upon delivery of the opinion our responsibilities as bond counsel will be concluded with respect to the Bonds.

Scope of Bond Counsel Services – What We Will Do

As bond counsel, we would provide the following services customarily performed by bond counsel respecting the authorization, sale, issuance and delivery of bonds:

1. Consult with City officials and others to explain the legal nature of a proposed borrowing, the City's power to borrow and the limitations on that power and consult with City officials in the design of the bonding program and timing schedules.
2. Prepare all of the necessary ballot proposals, resolutions, notices, agreements, and other documents necessary to authorize, issue and deliver the bonds. We also would assist the City in preparing applications to the Michigan Department of Treasury, if necessary, for approval to issue the bonds.
3. Examine the tax issues related to the bonds (done by an attorney specializing in the requirements of the Internal Revenue Code as they apply to municipal tax-exempt bonds) to assure that all requirements of the Internal Revenue Code are complied with and that any adverse tax consequences are minimized.
4. Prepare the bond form for printing definitive bonds for delivery to the purchaser. We will also participate in the sale and delivery of the bonds to the purchaser in order to handle legal matters that may arise at those times.
5. Give the approving opinion as to validity and enforceability of the bonds and their authorizing documents and as to the excludability of the interest on the bonds from federal and state income taxation.

Our professional responsibilities as attorneys in this matter will be limited to interpretations of law and other legal issues and the drafting of legal documents. We are not registered municipal advisors under the federal Dodd-Frank Act and therefore we will not assume the responsibilities of a municipal finance advisor or the professional responsibilities of any other advisor with respect to non-legal matters. We understand that the City will engage PFM Financial Advisors, LLC, as its municipal financial advisor for the Bonds.

Additional Services

We believe that the above services encompass the normal scope of bond counsel activities. Because we are not the City's general counsel, our engagement in this matter is not an undertaking at this time to represent the City or its interests in any other matters for which we are not separately engaged.

Our services as bond counsel do not include activities outside of that norm, such as review of construction contracts, condemnation, title issues or recording deeds involved in land acquisition, representation of the City in litigation or administrative proceedings that might arise in connection with the Bonds. In the event that serious matters or matters outside the norm arise in these areas, we would provide you at that time with a fee quote for such additional services.

Our engagement does not include any obligation to monitor compliance with the federal tax requirements found in the Internal Revenue Code of 1986 (the "Code") and applicable to the Bonds, including the rebate requirements of Code Section 148(f), if applicable, as described in an

exhibit attached to the Nonarbitrage and Tax Compliance Certificate that the City will execute in connection with the issuance of the Bonds, or in connection with any audit or examination of the Bonds by the Internal Revenue Service. However, we would be available to assist with rebate calculations or any audit or examination as a separate engagement.

We are not being retained and our acceptance of this engagement is not an undertaking to provide the City or any other person or entity with any advice or guidance relating to the Corporate Transparency Act (CTA) or their obligations thereunder, to prepare, review, submit, or update and document under the CTA, or to prepare or file any entity formation or registration documents on behalf of the City or any other person or entity.

Conflict of Interest Policy

Our firm is one of the largest in Michigan. In addition to having the largest public finance practice in the State, our attorneys represent a great many clients and our practice is in many different legal areas. At one time or another, our firm has represented nearly every large and many smaller commercial and investment banks and other bond purchasers that do business in Michigan.

We are not representing and do not intend to represent any other party in this financing. We do not believe that our representation in unrelated matters of the various other parties both in and out of the municipal area will affect our ability to serve the City as bond counsel.

Because we are a large firm with many clients we are asked occasionally to represent a client in a matter adverse to the City. We, of course, would decline to represent any client in a matter involving the City that would conflict with our services to the City as bond counsel for the above issue. Moreover, before we would represent a client adverse to the City in any area not involving the bond issue, we would advise the City before undertaking such representation.

Since the Bonds have not yet been offered for sale, the actual purchaser of the Bonds (the "Purchaser") cannot be identified at this time. We wish to point out that it is possible that the eventual Purchaser will be an investment bank or other financial institution that has been or is a client of this firm with respect to matters unrelated to the Bonds. We do not believe our representation of the City will be either: (i) materially limited by the Purchaser being our client on unrelated matters, or (ii) directly adverse to the Purchaser under these circumstances since (a) the terms of the Bonds, the Official Statement, the Bond resolution and our opinion will have been established prior to the acceptance of the bid for the Bonds from the Purchaser, (b) the terms of said documents will not be modified in any material manner following the sale of the Bonds, and (c) all that remains to be completed subsequent to the Bond sale is the delivery of the Bonds to the Purchaser in accordance with the terms of the Official Statement and the Notice of Sale.

Fees

It is our understanding that the City is considering the issuance of Bonds to generate the approximate amount of \$100,000,000 of Bond proceeds to finance the project, but the proposed size of the Bonds and the number of series of Bonds has not been determined. We charge for bond

Mr. Victor Cardenas

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February 3, 2025

counsel services on a flat fee scale, based on a fixed component and a component that varies with the size of the transaction. Our fee is based on the amount of time we expect to spend on the financing, the size and complexity of the transaction, as well as the responsibilities and duties we are undertaking for the project.

Our fee scale for an unlimited tax bond issue of this kind is based on the anticipated principal amount of the bonds of \$100 million, plus any original issue premium, as follows:

\$39,500 for first \$10,000,000; plus


\$0.90/\$1,000 in principal amount in excess of \$10,000,000.

We also propose to absorb the cost of expenses in our fee and would offer a discount of 20% off the above fee scale. For a single bond issue in the amount of \$100,000,000, our fee based on the above scale would be: \$120,500, and with the 20% discount, we would propose to charge \$96,400. As you are aware, our customary practice is to submit our invoice for payment at the time of the delivery of the Bonds to be paid from the proceeds of the Bonds.

We welcome this opportunity to be of service to the City and look forward to working with you. If you have any questions regarding this letter, please give me a call.

Very truly yours,

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

By: 
Patrick F. McGow

cc: Carl Johnson
Tom Schultz



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

12/7/2025

12/3/2024

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Lockton Companies, LLC 1185 Avenue of the Americas, Suite 2010 New York NY 10036 646-572-7300	CONTACT NAME: PHONE (A/C, No. Ext):		FAX (A/C, No):
	E-MAIL ADDRESS:		
INSURED PFM Financial Advisors LLC 1735 Market St Fl 42 Philadelphia PA 19103	INSURER(S) AFFORDING COVERAGE		NAIC #
	INSURER A: The Continental Insurance Company		35289
	INSURER B: AIG Specialty Insurance Company		26883
	INSURER C:		
	INSURER D:		
	INSURER E:		
INSURER F:			

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

XXXXXXX

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input checked="" type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC OTHER:			7063595755	12/7/2024	12/7/2025	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 15,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 \$
A	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input checked="" type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS NON-OWNED AUTOS ONLY <input checked="" type="checkbox"/> HIRED AUTOS ONLY			7063597408	12/7/2024	12/7/2025	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ XXXXXXXX BODILY INJURY (Per accident) \$ XXXXXXXX PROPERTY DAMAGE (Per accident) \$ XXXXXXXX \$ XXXXXXXX
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$			7063597652	12/7/2024	12/7/2025	EACH OCCURRENCE \$ 20,000,000 AGGREGATE \$ 20,000,000 \$ XXXXXXXX
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	7063614840	1/1/2025	1/1/2026	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
B	Cyber/Tech E&O			02-329-89-64	12/7/2024	12/7/2025	Retention \$250K Limit \$5M

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER**CANCELLATION** See Attachments

EVIDENCE OF COVERAGE

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE