pfm

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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:

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

Kari L. Blanchett
Managing Director