

NEW ISSUE

BOOK-ENTRY-ONLY

RATING: Standard & Poor's Ratings Services A
(See "RATING INFORMATION" herein)

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C., Bond Counsel, under existing law, (i) interest on the Bonds is not excluded from gross income for federal income tax purposes, and (ii) 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. See "TAX MATTERS" and "FORM OF APPROVING OPINION" herein.

\$1,950,000¹

**CITY OF HOWELL
COUNTY OF LIVINGSTON, STATE OF MICHIGAN
SEWAGE DISPOSAL SYSTEM REVENUE BONDS, SERIES 2009
(FEDERALLY TAXABLE - BUILD AMERICA BONDS - DIRECT PAYMENT)**

Dated Date.....	Date of Delivery
Due.....	August 1, as shown below
Denomination.....	\$5,000 or any integral multiple thereof not exceeding the amount of any single maturity
Registration.....	Book-Entry-Only
Interest.....	Payable February 1, 2010 and semi-annually thereafter
Transfer Agent.....	U.S. Bank National Association, Detroit, Michigan

The Bonds are being issued pursuant to the provisions of Act 94, Public Acts of Michigan, 1933, as amended ("Act 94") and Ordinance No. 820 duly adopted by the City Council (the "Ordinance") of the City of Howell (the "City") for the purpose of paying the cost of acquiring and constructing of additions, extension, enlargements and improvements to the City's Sewage Disposal System (the "System") together with all related appurtenances and attachments thereto. The Bonds are payable solely from the Net Revenues (as hereafter defined) of the System and any additions thereto and a statutory first lien on the Net Revenues of the System has been established by the Ordinance.

The Bonds are not a general obligation of the City. The City has covenanted and agreed to fix and maintain at all times, while any of such Bonds shall be outstanding, rates for service furnished by the System sufficient to provide for payment of the necessary expenses of operation, maintenance and administration of the System, of the principal of and interest on all of said Bonds when due, and to provide for such other expenditures and funds for the System as are required by said Ordinance.

The City intends to designate the Bonds as "Build America Bonds" under Section 54AA of the Internal Revenue Code of 1986, as amended (the "Code"), and to elect under Code Section 54AA(g) to receive a credit from the United States Treasury equal to 35% of the stated interest paid on the Bonds as provided in Code Section 6431. However, the City has not covenanted to comply with the requirements of Section 54AA(g) to assure eligibility of the City for receipt of the direct pay interest credit. So long as the City is in compliance with Section 54AA(g), such credits are expected to be paid to the City within 45 days of receipt by the IRS of IRS Form 8038-CP with respect to each interest payment date identifying the amount of interest to be paid. Each such Form may not be filed more than 90 nor less than 45 days prior to the relevant interest payment date. In the Ordinance, the City has covenanted to deposit all such credits received by the City if any into the Bond and Interest Redemption Account. See "SECURITY - FUNDS AND ACCOUNTS" herein. The City reserves the right to issue the Bonds as traditional tax exempt bonds. See "POTENTIAL FOR TAX EXEMPT BONDS" herein.

If the Bonds are issued as traditional tax-exempt Bonds, the City may designate the Bonds as "qualified tax exempt obligations" for purposes of deduction of interest expense by financial institutions pursuant to the Code. See "POTENTIAL FOR QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.

MATURITY SCHEDULE ¹

Interest					Interest					Interest				
<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP ²</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP ²</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP ²</u>
2010	\$50,000				2016	\$75,000				2022	\$125,000			
2011	50,000				2017	100,000				2023	125,000			
2012	50,000				2018	100,000				2024	150,000			
2013	75,000				2019	100,000				2025	150,000			
2014	75,000				2020	100,000				2025	150,000			
2015	75,000				2021	100,000				2027	150,000			
										2028	150,000			

² Copyright 2009, American Bankers Association, CUSIP date herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc.

Bonds maturing beginning 2020 are subject to optional redemption beginning August 1, 2019 and any date thereafter at par, as more fully discussed under Redemption Provisions.

All Bonds will be sold with accrued interest from _____, 2009

This cover page contains certain information for quick reference only. It is not intended to be a summary of the terms of this bond issue. Investors are instructed to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds will be offered when, as and if issued by the City and accepted by the Underwriter subject to the approving legal opinion of Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan, Bond Counsel. It is expected that the Bonds will be available for delivery through DTC on or about June __, 2009.



BMO Capital Markets GKST Inc.
The date of this Official Statement is _____, 2009

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. The Bonds may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The City of Howell has deemed this Preliminary Official Statement final as of its date except for omissions permitted by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

¹ Preliminary, subject to change.

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The Bonds have not been registered with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, or registered in any state and will not be listed on any stock or other securities exchange. Neither the SEC nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or approved the Bonds for sale, except as disclosed herein.

No dealer, salesman or any other person has been authorized to give any information or to make any representation, other than the information and representations contained herein, in connection with the offering of the Bonds and, if given or made, such information or representations must not be relied upon.

This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby by any person in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to whom it is unlawful to make such offer or solicitation. The information set forth herein has been provided by the City, The Depository Trust Company and other sources which are believed to be reliable. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information (except for the information under the section captioned "UNDERWRITING" which was obtained from the Underwriter). No representation, warranty or guaranty is made by the Underwriter as to the accuracy or completeness of any information in this Official Statement, and nothing contained in this Official Statement shall be relied upon as a promise or representation by the Underwriter. The Transfer Agent has not participated in the preparation of this Official Statement and assumes no responsibility for this Official Statement.

All summaries contained in this Official Statement are subject in all respects to the complete statute, regulation, rule, court decision or report. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor the sale made hereunder shall under any circumstance create any implication that there has been no change in the affairs of the City since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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SECTION A

THE BONDS

\$1,950,000¹
CITY OF HOWELL
COUNTY OF LIVINGSTON, STATE OF MICHIGAN
SEWAGE DISPOSAL SYSTEM REVENUE BONDS, SERIES 2009
(FEDERALLY TAXABLE - BUILD AMERICA BONDS - DIRECT PAYMENT)

INTRODUCTION

The purpose of this Official Statement is to set forth information concerning the City of Howell (the "City"), and the City's Sewage Disposal System Revenue Bonds, Series 2009 (Federally Taxable - Build America Bonds - Direct Payment) (the "Bonds") in connection with the sale of the Bonds by the City. Information describing the Bonds, summarized on the cover page, is part of this Official Statement.

PURPOSE OF THE BONDS

The Bonds are being issued pursuant to the provisions of Act 94, Public Acts of Michigan, 1933, as amended ("Act 94") and Ordinance No. 820 duly adopted by the City Council (the "Ordinance") of the City for the purpose of paying the cost of acquiring and constructing of additions, extension, enlargements and improvements to the City's Sewage Disposal System (the "System") together with all related appurtenances and attachments thereto. The Bonds are payable solely from the Net Revenues (as hereafter defined) of the System and any additions thereto and a statutory first lien on the Net Revenues of the System has been established by the Ordinance.

The Bonds are not a general obligation of the City. The City has covenanted and agreed to fix and maintain at all times, while any of such Bonds shall be outstanding, rates for service furnished by the System sufficient to provide for payment of the necessary expenses of operation, maintenance and administration of the System, of the principal of and interest on all of said Bonds when due, and to provide for such other expenditures and funds for the System as are required by said Ordinance.

USE OF BOND PROCEEDS¹

The estimated project cost is as follows:

Construction and Engineering Fees	\$1,563,929
Contingencies	152,071
Debt Reserve Requirement	195,000
Bond Discount (1.0%)	19,500
Legal, Financial, Administrative and Publishing	42,740
Total Project Cost	\$1,973,240
Less: City Contribution	(23,240)
Amount of Bond Issue	<u>\$1,950,000</u>

SCHEDULE OF REVENUES, DEBT SERVICE REQUIREMENTS AND COVERAGE

See Section H, "SCHEDULE OF REVENUES, DEBT SERVICE REQUIREMENTS AND COVERAGE".

DESCRIPTION AND FORM OF THE BONDS

The Bonds will be issued in book-entry-only form as one fully registered Bond per maturity, without coupons, in the aggregate principal amount for each maturity set forth on the cover page hereof and may be purchased in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated as of Date of Delivery and will bear interest from that date. Interest on the Bonds shall be payable on February 1, 2010 and semiannually each August 1 and February 1 thereafter prior to maturity or earlier redemption. Interest on the Bonds shall be computed using a 360-day year with twelve 30-day months, and the Bonds will mature on the dates and in the principal amounts and will bear interest at the rates as set forth on the cover of this Official Statement.

U.S. Bank National Association, Detroit Michigan, or its successor will serve as paying agent (the "Transfer Agent") and also as bond registrar and transfer agent if the Bonds cease to be held in book-entry-only form. For a description of payment of principal and interest, transfers and exchanges and notice of redemption on the Bonds which are held in the book-entry-only system, see "*Book-Entry-Only System*" below. In the event the Bonds cease to be held in the book-entry-only system, then interest on the Bonds shall be payable when due by check or draft to the person or entity who or which is, as of the fifteenth (15th) day of the month preceding each interest payment date, the registered owner of record, at the owner's registered address. See "*Transfer Outside Book-Entry-Only System*" herein.

¹ Preliminary, subject to change.

REDEMPTION PROVISIONS ¹

Optional Redemption

Bonds maturing in the years 2010 to 2019, inclusive, shall not be subject to redemption prior to maturity.

Bonds or portions thereof in multiples of \$5,000, maturing in the years 2020 to 2028, inclusive, shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity as the City shall determine and within any maturity by lot, on any date on or after August 1, 2019 at par and accrued interest to the date fixed for redemption.

Mandatory Redemption

Bonds designated as term bonds shall be subject to mandatory redemption at par and accrued interest on the dates and in the amounts corresponding to the annual principal maturities set forth below. The bond or portions of bonds to be redeemed shall be selected by lot.

Term Bond		Principal	Term Bond		Principal
<u>Maturing</u>	<u>Year</u>	<u>Amount</u>	<u>Maturing</u>	<u>Year</u>	<u>Amount</u>
August 1, ____	____	\$____,000	August 1, ____	____	\$____,000
	____	____,000		____	____,000
	____	____,000 Maturity		____	____,000 Maturity
August 1, ____	____	\$____,000	August 1, ____	____	\$____,000
	____	____,000		____	____,000
	____	____,000 Maturity		____	____,000 Maturity

Notice and Effect of Redemption

If any Bonds are called for redemption, the Transfer Agent, on behalf of the City, shall give notice of such redemption at least 30 days prior to the date fixed for redemption. As described herein under "Book-Entry-Only System", as long as the Bonds are registered in the name of DTC or its nominee, redemption notices will be given to DTC only. Conveyance of notices by DTC to DTC Participants and Indirect Participants and, in turn, by the DTC Participants and Indirect Participants to Beneficial Owners (as defined in "Book-Entry-Only System") will be governed by arrangements among them. No further interest on Bonds called for redemption shall accrue after the date fixed for redemption, whether the Bonds are presented for redemption or not, provided the City has money available for such redemption.

BOOK-ENTRY-ONLY SYSTEM

The information in this section has been furnished by The Depository Trust Company, New York, New York ("DTC"). No representation is made by the City, the Transfer Agent or the Underwriter as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. No attempt has been made by the City, the Transfer Agent or the Underwriter to determine whether DTC is or will be financially or otherwise capable of fulfilling its obligations. Neither the City nor the Transfer Agent will have any responsibility or obligation to Direct Participants, Indirect Participants (both as defined below) or the persons for which they act as nominees with respect to the Bonds, or for any principal, premium, if any, or interest payment thereof.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity and will be deposited with DTC. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, is the holding company for DTC, the National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which

are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond of (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, the Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds of either issue are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, interest and redemption amounts, if any, on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the City or Transfer Agent on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC (nor its nominee), Transfer Agent, or City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, interest and redemption amounts, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the City or Transfer Agent, disbursement of such payments to Direct

Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds of both issues at any time by giving reasonable notice to the City or Transfer Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

TRANSFER OUTSIDE BOOK-ENTRY-ONLY SYSTEM

In the event the Book-Entry-Only System is discontinued, the following provisions would apply to the Bonds. The Transfer Agent shall keep the registration books for the Bonds (the "Bond Register") at its principal corporate trust office. Subject to the further conditions contained in the Ordinance (hereinafter defined), the Bonds may be transferred or exchanged for one or more Bonds in different authorized denominations upon surrender thereof at the principal corporate trust office of the Transfer Agent by the registered owners or their duly authorized attorneys; upon surrender of any Bonds to be transferred or exchanged, the Transfer Agent shall record the transfer or exchange in the Bond Register and shall authenticate replacement bonds in authorized denominations, the Transfer Agent shall not be required to effect or register any transfer or exchange of any 2009 Bond which has been selected for such redemption, except the Bonds properly surrendered for partial redemption may be exchanged for new Bonds in authorized denominations equal in the aggregate to the unredeemed portion; the City and the Transfer Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owner of such Bonds for all purposes under the Ordinance. No transfer or exchange made other than as described above and in the Ordinance shall be valid or effective for any purposes under the Ordinance.

AUTHORITY

The Bonds are issued pursuant to the provisions of Act 94, Public Acts of Michigan, 1933, as amended ("Act 94"), and Ordinances No. 820 (the "Ordinance") duly adopted by the City. (See Section F for the Ordinance.)

MUNICIPAL FINANCE QUALIFYING STATEMENT

The City of Howell has filed a Qualifying Statement for the fiscal year ended June 30, 2008. The Michigan Department of Treasury has determined that the City is in material compliance with the criteria identified in Section 303 (3) of Act 34.

BUILD AMERICA BONDS

The City intends to designate the Bonds as "Build America Bonds" under Section 54AA of the Internal Revenue Code of 1986, as amended (the "Code"), and to elect under Code Section 54AA(g) to receive a credit from the United States Treasury equal to 35% of the stated interest paid on the Bonds as provided in Code Section 6431. However, the City has not covenanted to comply with the requirements of Section 54AA(g) to assure eligibility of the City for receipt of the direct pa interest credit. So long as he city is in compliance with Section 54AA(g), such credits are expected to be paid to the City within 45 days of receipt by the IRS of IRS Form 8038-CP with respect to each interest payment date identifying the amount of interest to be paid. Each such Form may not be filed more than 90 nor less than 45 days prior to the relevant interest payment date. In the Ordinance, the City has covenanted to deposit all such credits received by the City if any into the Bond and Interest Redemption Account. See "SECURITY - FUNDS AND ACCOUNTS" herein. The City reserves the right to issue the Bonds as traditional tax exempt bonds. See "POTENTIAL FOR TAX EXEMPT BONDS" herein.

POTENTIAL FOR TAX EXEMPT BONDS

The City reserves the right, in its sole discretion, to issue the Bonds as traditional tax exempt bonds. Any such determination will be made during the pricing process and prior to the execution of a bond purchase agreement between the City and the Underwriter. If the Bonds are issued as traditional tax exempt bonds, the final Official Statement will describe the Bonds as tax-exempt bonds and will include language in the "TAX MATTERS" section in substantially the form set forth in Section I to this preliminary Official Statement. If the Bonds are sold as traditional tax-exempt bonds, such bonds will not generate a credit payable to the City as described on the cover of this preliminary Official Statement and under "BUILD AMERICA BONDS," but will otherwise be secured and payable as described in this preliminary Official Statement.

POTENTIAL FOR QUALIFIED TAX-EXEMPT OBLIGATIONS

If the Bonds are issued as traditional tax-exempt Bonds, the City may designate the Bonds as "qualified tax exempt obligations" for purposes of deduction of interest expense by financial institutions pursuant to the Code.

SECURITY

PLEDGE OF REVENUES

The principal of and interest on the Bonds are payable solely from and are secured by a statutory first lien on the revenues of the System, after payment of the expenses of administration, operation and maintenance of the System (the "Net Revenues"). The City has reserved the right to issue additional bonds of equal standing with the Bonds as to the Net Revenues (see subsection entitled "ADDITIONAL BONDS" under the section "SECURITY"). Debt service may also be paid from certain funds and accounts established by the Ordinances, subject only to the provisions of the Ordinances permitting the application thereof for the purposes and on the terms and conditions set forth in the Ordinances.

The Bonds are not a general obligation of the City, and neither the full faith and credit nor the taxing power of the City is pledged to the payment of the principal of or interest on the Bonds.

CONTINUING RATE COVENANT

The rates presently in effect in the City are estimated to be sufficient to provide for the payment of the expenses of administration and operation and such expenses for maintenance of the System as are necessary to preserve the System in good repair and working order to provide for the payment of the principal of and interest on the Bonds as the same become due and payable, and the maintenance of the reserve therefor and to provide for all other obligations, expenditures and funds for the System required by law and this Ordinance. In addition, it is agreed that the rates shall be set from time to time so that there shall be produced each fiscal year, Net Revenues in an amount equal to 110% of the principal of and interest on the Bonds coming due in each fiscal year. The rates shall be reviewed not less than once a year and shall be fixed and revised from time to time as may be necessary to produce these amount, and it is hereby covenanted and agreed to fix and maintain rates for services furnished by the System at all time sufficient to provide for the foregoing.

FUNDS AND ACCOUNTS

Pledged Funds and Accounts

All funds belonging to the System and all Revenues of the Systems shall continue to be set aside as collected and credited to a fund to be designated SEWAGE DISPOSAL SYSTEM RECEIVING FUND (the "Receiving Fund"). On the date of delivery of the Bonds, all Revenues in any accounts of the System shall be transferred to the Receiving Fund and credited to the funds and accounts as provided in this section. The Revenues credited to the Receiving Fund are pledged for the purpose of the following funds and shall be transferred or debited from the Receiving Fund periodically in the manner and a the times and in order of priority hereinafter specified:

Operation and Maintenance Account - Out of the Revenues credited to the Receiving Fund there shall be first set aside in, or credited to, an account designated OPERATION AND MAINTENANCE ACCOUNT (the "Operation and Maintenance Account"), monthly a sum sufficient to provide for the payment of the next month's expenses of administration and operation of the System and such current expenses for the maintenance thereof may be necessary to preserve the same in good repair and working order.

A budget, showing in detail the estimated costs of administration, operation and maintenance of the System for the next ensuing year, shall be prepared by the City Council at least 30 days prior to the commencement of each ensuing operating year.

Bond and Interest Redemption Fund - There shall be established and maintained a separate account designated BOND AND INTEREST REDEMPTION ACCOUNT (the "Redemption Account"), the moneys on deposit therein from time to time to be used solely for the purpose of paying the principal of, redemption premium (if any) and interest on the Bonds. The moneys shall be kept on deposit with the bank or trust company where the principal of and interest on the series of Bonds are payable.

Out of the Revenues remaining in the Receiving Fund, after provision for the Operation and Maintenance Account, there shall be set aside at the time of delivery of the Bonds and the first day of each quarter thereafter in Redemption Account an amount equal to that fraction of the amount of interest due on the next interest payment date the numerator of which is one and the denominator of which is the number of full or partial fiscal quarters to the next interest payment date, less any amount in the Redemption Account representing accrued interest on the Bonds or investment income on amounts on deposit in the Redemption Account. Commencing on the first day of the first fiscal quarter following the first interest payment on the Bonds the amount set aside each quarter for interest on the Bonds shall be $\frac{1}{2}$ of the total amount of interest next coming due on the Bonds. The amount set aside each quarter for principal, commencing August 1, 2009, shall be $\frac{1}{4}$ of principal next coming due by maturity. If there is any deficiency in the amount previously set aside, that deficiency shall be added to the next succeeding quarterly requirements. The amount to be set aside for the payment of principal and interest on any principal shall not exceed the amount which, when added to the money on deposit in the Redemption Account including investment income thereon, is necessary to pay principal and interest du on the Bonds to the next succeeding principal payment date.

Bond Reserve Account - There has been established in the Redemption Fund a separate account known as the BOND RESERVE ACCOUNT (the "Bond Reserve Account"). Upon delivery of the Bonds, there shall be transferred from monies of the City or proceeds of the Bonds or both and deposited into the Bond Reserve Account an amount equal to the lesser of (1) the maximum annual debt service on the Bonds due in the current or any future year, (2) 125% of the average annual debt service on the Bonds, or (3) 10% of the principal amount of the Bonds (the "Reserve Account"). If the transfer provided in the previous sentence is insufficient to satisfy the Reserve Account, then there shall be deposited into the Bond Reserve Account from proceeds of the Bonds or from other funds of the System an amount sufficient to satisfy the Reserve Amount. If monies in the Bond Reserve Account exceed the Reserve Amount at the end of a fiscal year, then interest on the Bond Reserve Account must be transferred into the Redemption Account. If monies in the Bond Reserve Account are less than the Reserve Amount at

the end of a fiscal year, then monies from the Redemption Account or the Receiving Fund shall be deposited into the Bond Reserve Account to satisfy the requirements of this Section.

For purposes of making deposits to the Redemption Fund and the Bond Reserve Account, the principal amount of Bonds becoming due by reason of a Mandatory Redemption Requirement shall be deemed to become due the principal amount and on the due date of the Mandatory Redemption Requirements. Each Ordinance authorizing the sale of Additional Bonds shall state the amount of Bonds authorized which are term Bonds, if any. A Mandatory Redemption Requirement for the Bonds of a term maturity may be satisfied by the call of term Bonds of the same issue and maturity in the principal amount of the Mandatory Redemption Requirement at par and accrued interest or by the purchase and surrender to the transfer agent of the Bond of the same issue and maturity from money allocated therefor as provided herein, or purchased with other funds legally available therefor. The City shall elect the manner in which it intends to satisfy a Mandatory Redemption Requirement not less than forty - five days prior to the due date of each Mandatory Redemption Requirement.

The money set aside to satisfy the next Mandatory Redemption Requirement for the Bonds shall be used by redeeming said Bonds on the following October 1st or by purchasing Bonds of the same issue and maturity with respect to which the Mandatory Redemption Requirement applies and surrendering the same to the paying agent for cancellation or on prior to the required due date of the Mandatory Redemption Requirement. In the event that after any Mandatory Redemption Requirement date moneys remain in the Redemption Fund, as a result of the purchase of Bonds at less than par, the amount of such excess may be transferred to the Receiving Fund. If no Bonds of an issue are issued as term Bonds then there shall be no Mandatory Redemption Requirement with respect to those Bonds.

General Obligation Debt Fund - Out of the remaining Revenues in the Receiving Fund, there may be next set aside in or credited to monthly after meeting the requirements of the foregoing Funds, to a fund designated General Obligation Debt Fund (the "G.O. Fund"), or from other available moneys such sums as shall be necessary to pay debt service on presently existing or future general obligation bond issue of the City or general obligations or contractual obligations of the City incurred or to be incurred for System purposes, including, but not limited to certain outstanding obligations to the City.

Replacement and Improvement Fund - There shall next be established and maintained a separate depository account, designated REPLACEMENT AND IMPROVEMENT FUND (the "Replacement Fund"), the money credited thereto to be used solely for the purpose of making repairs, replacements, improvements, enlargements or extensions to the System, including any buildings or structures related to said System. Out of the Revenue and moneys of the System remaining in the Receiving Fund and the end of each month after provision has been made for the deposit of moneys in the Operation and Maintenance Fund and the Redemption Fund including the Bond Reserve Account, there may be deposited in the Replacement Fund such additional funds as the City may deem advisable. If at any time it shall be necessary to use moneys in the Replacement Fund for the purpose for which the Replacement Fund was established, the moneys so used shall be replaced from any moneys in the Receiving Fund which are not required by this Ordinance to be used for the Operation and Maintenance Fund, the Redemption Fund including the Bond Reserve Fund, or the G.O. Fund.

Surplus Moneys - All monies remaining in the Receiving Fund after satisfying all the foregoing requirements of this Section, may, at the option of the City Council, be used for any of the following purposes:

- (1) Transferred to the G.O. Fund or the Replacement Fund
- (2) Transferred to the Redemption Fund and used for the purchase of Bonds on the open market at not more than the fair market value thereof or for the redemption of Bonds prior to maturity.

Priority of Funds - In the event the monies in the Receiving Fund are insufficient to provide for the current requirements of the Operation and Maintenance Fund or the Redemption Fund, any monies or securities in other funds of the System, except the proceeds of sale of the Bonds, shall be credit or transferred, first, to the Operation and Maintenance Fund, and second to the Redemption Fund.

ADDITIONAL BONDS

The City has reserved the right in accordance with the provisions of Act 94, to issue Additional Bonds payable from the Revenues of the System which shall be of equal standing and priority of lien as to the Net Revenues of the System with the Bonds but only for the following purposes and under the following terms and conditions:

- (a) To complete the Project in accordance with the plans and specifications therefor. Such Additional Bonds shall not be authorized unless the engineers in charge of construction shall execute a certificate evidencing the fact that additional funds are needed to complete the Project in accordance with the plans and specifications therefor and stating the amount that will be required to complete the Project. If such certificate shall be so executed and filed with the City, it shall be the duty of the City to provide for and issue additional revenue bonds in the amount stated in said certificate to be necessary to complete the Project in accordance with the plans and specifications plus an amount necessary to issue such Additional Bonds or to provide for part or all of such amount from other sources.

(b) For subsequent repairs, extensions, enlargements and improvements to the System or for the purpose of refunding part of any bonds then outstanding and paying costs of issuing such Additional Bonds including deposits which may be required to be made to the Bond Reserve Account. Bonds for such purposes shall not be issued pursuant to this subparagraph (b) unless the Adjusted Net Revenues (as hereinafter defined) of the System for the then last two (2) preceding twelve-month operating years or the Adjusted Net Revenues for the last preceding twelve-month operating year, if the same shall be lower than the average, shall be equal to at least one hundred twenty five percent (125%) of the maximum amount of principal and interest thereafter maturing in any operating year on the then outstanding bonds and on the Additional Bonds then being issued. If the Additional Bonds are to be issued in whole or in part for refunding outstanding bonds, the annual principal and interest requirements shall be determined by deducting from the principal and interest requirements for each operating year the annual principal and interest requirements of any bonds to be refunded from the proceeds of the Additional Bonds. For purposes of this subparagraph (b) the City may elect to use as the last preceding operating year any operating year ending not more than sixteen months prior to the date of delivery of the Additional Bonds and as the next to the last preceding operating year, any operating year ending not more than twenty-eight months prior to the date of delivery of the Additional Bonds. Determination by the City as to existence of conditions permitting the issuance of Additional Bonds shall be conclusive. No Additional Bonds of equal standing as to the Net Revenues of the System shall be issued pursuant to the authorization contained in this subparagraph if the City shall then be in default in making its required payments to the Operation and Maintenance Fund or the Redemption Fund.

"Adjusted Net Revenues" means for any operating year the excess of revenues over expenses for the system determined in accordance with generally accepted accounting principles, to which shall be added depreciation, amortization, interest income and payments to the City in lieu of taxes, to which may be made the following adjustments: (i) revenues may be augmented by the amount of any rate increases adopted prior to the issuance of Additional Bonds or to be placed into effect before the time principal or interest on the Additional Bonds becomes payable from Revenues as applied to quantities of service furnished during the operating year or portion thereof that the increased rates were not in effect, or (ii) revenues may be augmented by amounts which may be derived from rates and charges to be paid by new customers of the System. The adjustment of revenues and expenses by the factors set forth in (i) and (ii) above shall be reported upon by professional engineers or certified public accountants or other experts not in the regular employment of the City.

(c) For refunding a part of the outstanding bonds and paying costs of issuing such Additional Bonds including deposits which may be required to be made to the Bond Reserve Account. No Additional Bonds shall be issued pursuant to this subsection unless the maximum amount of principal and interest maturing in any operating year after giving effect to the refunding shall be less than the maximum amount of principal and interest maturing in any operating year prior to giving effect to the refunding.

THE ORDINANCE

For a more complete statement of the general covenants and provisions pursuant to which the Bonds are issued, see Section F, "ORDINANCE NO. 820".

TAX MATTERS

In the opinion of Miller, Canfield, Paddock and Stone, P.L.C. ("Bond Counsel"), the interest on the Bonds is not excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is also of the opinion that, under existing law, the Bonds and the interest thereon are exempt from all taxation presently in effect in the State of Michigan except inheritance and estate taxes and taxes on gains from the sale, payment or other disposition thereof. Bond Counsel expresses no opinion regarding any other federal or state tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

The following is a summary of certain of the United States federal income tax consequences of the ownership of the Bonds as of the date hereof. Each prospective investor should consult with its own tax advisor regarding the application of United States federal income tax laws, as well as any state, local, foreign or other tax laws, to its particular situation.

This summary is based on the Code, as well as the Treasury Regulations and administrative and judicial rulings and practice. Legislative, judicial and administrative changes may occur, possibly with retroactive effect, that could alter or modify the continued validity of the statements and conclusions set forth herein. This summary is intended as a general explanatory discussion of the consequences of holding the Bonds generally and does not purport to furnish information in the level of detail or with the investor's specific tax circumstances that would be provided by an investor's own tax advisor. For example, it generally is addressed only to original purchasers of the Bonds that are "U.S. holders" (as defined below), deals only with those Bonds held as capital assets within the meaning of Section 1221 of the Code and does not address tax consequences to holders

that may be relevant to investors subject to special rules, such as individuals, trusts, estates, tax-exempt investors, foreign investors, cash method taxpayers, dealers in securities, currencies or commodities, banks, thrifts, insurance companies, electing large partnerships, mutual funds, regulated investment companies, real estate investment trusts, FASITs, S corporations, persons that hold the Bonds as part of a straddle, hedge, integrated or conversion transaction, and persons whose "functional currency" is not the U.S. dollar. In addition, this summary does not address alternative minimum tax issues or the indirect consequences to a holder of an equity interest in a holder of the Bonds.

As used herein, a "U.S. holder" is a "U.S. person" that is a beneficial owner of a Bond. A "non U.S. holder" is a holder (or beneficial owner) of a Bond that is not a U.S. person. For these purposes, a "U.S. person" is a citizen or resident of the United States, a corporation or partnership created or organized in or under the laws of the United States or any political subdivision thereof (except, in the case of a partnership, to the extent otherwise provided in the Treasury Regulations), an estate the income of which is subject to United States federal income taxation regardless of its source or a trust if (i) a United States court is able to exercise primary supervision over the trust's administration and (ii) one or more United States persons have the authority to control all of the trust's substantial decisions.

The Bonds will be treated, for federal income tax purposes as a debt instrument. Accordingly, interest will be included in the income of a holder as it is paid (or, if the holder is an accrual method taxpayer, as it is accrued) as interest.

Bondholders that have a basis in the Bonds that is greater than the principal amount of the Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

If a Bondholder purchases the Bonds for an amount that is less than the adjusted issue price of the Bonds, and such difference is not considered to be de minimis, then such discount will represent market discount. Absent an election to accrue market discount currently, upon a sale or exchange of a Bond, a portion of any gain will be ordinary income to the extent it represents the amount of any such market discount that was accrued through the date of sale. In addition, absent an election to accrue market discount currently, the portion of any interest expense incurred or continued to carry a market discount bond that does not exceed the accrued market discount for any taxable year, will be deferred.

Although the Bonds are expected to trade "flat," that is, without a specific allocation to accrued interest, for federal income tax purposes, a portion of the amount realized on sale attributed to the Bonds will be treated as accrued interest and thus will be taxed as ordinary income to the seller (and will not be subject to tax in the hands of the buyer).

The Bonds may be issued with original issue discount ("OID"). Accordingly, Bondholders will be required to include OID in gross income as it accrues under a constant yield method, based on the original yield to maturity of the Bond. Thus, Bondholders will be required to include OID in income as it accrues, prior to the receipt of cash attributable to such income. U.S. holders, however, would be entitled to claim a loss upon maturity or other disposition of such notes with respect to interest amounts accrued and included in gross income for which cash is not received. Such a loss generally would be a capital loss. Bondholders that purchase a Bond for less than its adjusted issue price (generally its accreted value) will have purchased such Bond with market discount unless such difference is considered to be de minimis. Absent an election to accrue market discount currently, upon sale or exchange of a Bond, a portion of any gain will be ordinary income to the extent it represents the amount of any such market discount that was accrued through the date of sale. In addition, absent an election to accrue market discount currently, the portion of any interest expense incurred or continued to carry a market discount bond that does not exceed the accrued market discount for any taxable year will be deferred. A Bondholder that has a basis in the Bond that is greater than its adjusted issue price (generally its accreted value), but that is less than or equal to its principal amount, will be considered to have purchased the Bond with "acquisition premium." The amount of OID that such Bondholder must include in gross income with respect to such Bonds will be reduced in proportion that such excess bears to the OID remaining to be accrued as of the acquisition of the Bond. A Bondholder may have a basis in its pro rata share of the Bonds that is greater than the principal amount of such Bonds. Bondholders should consult their own tax advisors with respect to whether or not they should elect to amortize such premium, if any, with respect to such Bonds under Section 171 of the Code.

Upon a sale, exchange or retirement of a Bond, a holder generally will recognize taxable gain or loss on such Bond equal to the difference between the amount realized on the sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and the Bondholder's adjusted tax basis in such Bond. Defeasance of the Bonds may result in a reissuance thereof, in which event an owner will also recognize taxable gain or loss as described in the preceding sentence. Such gain or loss generally will be capital gain (although any gain attributable to accrued market discount of the Bond not yet taken into income will be ordinary). The adjusted basis of the holder in a Bond will (in general) equal its original purchase price and decreased by any principal payments received on the Bond. In general, if the Bond is held for longer than one year, any gain or loss would be long term capital gain or loss, and capital losses are subject to certain limitations.

Payments on the Bonds to a non-U.S. holder that has no connection with the United States other than holding its Bond generally will be made free of withholding tax, as long as that holder has complied with certain tax identification and certification requirements.

Circular 230

Investors are urged to obtain independent tax advice based upon their particular circumstances. The tax discussion above was not intended or written to be used, and cannot be used, for the purposes of avoiding taxpayer penalties. The tax discussion was written to support the promotion or marketing of the Bonds.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan, Bond Counsel. The opinion of Bond Counsel will be substantially in the form as set forth in Section C.

BOND COUNSEL'S RESPONSIBILITY

The fees of Miller, Canfield, Paddock and Stone, P.L.C. ("Bond Counsel") for services rendered in connection with its approving opinion are expected to be paid from Bond proceeds. Except to the extent necessary to issue its approving opinion as to the validity of the Bonds and the exemption of the Bonds and the interest thereon from taxation, and as hereafter stated, Bond Counsel has not been retained 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.

Bond Counsel has reviewed the statements made in this Official Statement under the captions entitled, "DESCRIPTION AND FORM OF THE BONDS," "PRIOR REDEMPTION," "TRANSFER OUTSIDE BOOK-ENTRY-ONLY SYSTEM," "AUTHORITY," "MUNICIPAL FINANCE QUALIFYING STATEMENT," "SECURITY," "TAX MATTERS," "LEGAL MATTERS," "BOND COUNSEL'S RESPONSIBILITY," and "CONTINUING DISCLOSURE." Bond Counsel has not been retained to review and has not reviewed any other portion of this Official Statement for accuracy or completeness, and has not made inquiry of any official or employee of the City or any other person regarding, and has made no independent verification of, such other portions hereof, and further has not expressed and will not express an opinion as to any portions hereof.

FINANCIAL ADVISORS TO THE CITY

Bendzinski & Co., Municipal Finance Advisors, Detroit, Michigan (the "Financial Advisors") has been retained by the City to provide certain financial advisory services including, among other things, preparation of the deemed "final" Preliminary Official Statement and the final Official Statement (the "Official Statements"). The information contained in the Official Statement was prepared in form by the Financial Advisors and is based on information supplied by various officials from records, statements and reports required by various local, county or state agencies of the State of Michigan in accordance with constitutional or statutory requirements.

To the best of the Financial Advisors' knowledge, all of the information contained in the Official Statements, which it assisted in preparing, while it may be summarized is (i) complete and accurate; (ii) does not contain any untrue statement of a material fact; (iii) does not omit any material fact, or make any statement which would be misleading in light of the circumstances under which these statements are being made. However, the Financial Advisors have not and will not independently verify the completeness and accuracy of the information contained in the Official Statements.

The Financial Advisors' duties, responsibilities and fees arise solely as financial advisor to the City and they have no secondary obligation or other responsibility. The Financial Advisors' fees are expected to be paid from Bond proceeds.

RATING INFORMATION

Standard & Poor's Ratings Services has assigned its municipal bond rating as stated on the front cover of this Official Statement, to this issue of Bonds.

The assigned rating reflects the independent judgment of the rating agency and there is no assurance that said rating will continue for any period of time or that it will not be revised or withdrawn by the rating agency. A revision or withdrawal of said rating may have an effect on the market price of the securities.

CONTINUING DISCLOSURE

Prior to delivery of the Bonds, the City will execute a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the Beneficial Owners (as defined in the Undertaking) of the Bonds to send certain information annually and to provide notice of certain events to certain information repositories pursuant to the requirements of section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and the other terms of

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SECTION B

SEWAGE DISPOSAL SYSTEM

CITY OF HOWELL SEWER SYSTEM

SERVICE AREA AND CUSTOMERS

The City of Howell Sewage Disposal System (the "System") consists of one treatment plant which serves in a 4.9 square mile area of Livingston County.

HISTORY OF SEWER FLOW TREATED

Fiscal Year Ended	Sewage Flow Treated	Average Daily Use
<u>June 30</u>	<u>(in Gallons)</u>	
2008	580,916	1.689 mgd
2007	529,340	1.449 mgd
2006	556,930	1.526 mgd
2005	509,110	1.396 mgd
2004	498,855	1.367 mgd
2003	455,828	1.249 mgd
2002	467,980	1.282 mgd
2001	564,861	1.548 mgd

Source: City of Howell.

SERVICE AREA

Historically, development in the City of Howell has been:

50.29%	Residential
31.12%	Commercial
14.90%	Industrial
3.69%	Schools

MAJOR USERS

The following sets for the 10 largest System customers for the fiscal year ended June 30, 2008

<u>Customers</u>	<u>Volume of Sewage Used</u>
	<u>(in gallons)</u>
Pepsi Cola Company	30,232,500
Howell Estates/Chateau	29,340,000
Howell Public Schools	12,762,100
St. Joseph Mercy Livingston	12,509,100
Pine Hill	10,820,370
Livingston County Government	10,389,200
Burwick Farms	10,254,000
Medilodge	10,122,000
Yorkshire Apts.	9,962,100

CURRENT RATES IN EFFECT

Each customer of the System pays charges based upon the quantity of water consumed (Commodity Charge). The rate paid is \$3.08 per 1000 gallons. The rate increase took effect on July 1, 2008. The City Council sets rates by ordinance.

Source: City of Howell

BILLING AND COLLECTION PROCEDURES

All users are billed either monthly or bi-monthly. The users of the system have 21 days to pay without penalty. Delinquent customers are charged a \$20.00 penalty to have services restored. All delinquent accounts which are six months or more past due are certified by the City Treasurer to the City Assessor on a semiannual basis and may be added to the July 1 tax bills.

HISTORICAL REVENUES AND EXPENDITURES

Fiscal Year Ended <u>June 30</u>	Operating <u>Revenue</u>	Less: Operating <u>Expenses</u>	Plus: Other <u>Revenues</u>	Plus: Interest <u>Earnings</u>	Add Back <u>Depreciation</u>	Net <u>Revenues</u>
2008	\$1,492,429	\$2,148,679	\$23,991	\$105,092	\$524,039	(\$3,128)
2007	1,450,503	1,898,321	75,870	82,535	536,231	246,818
2006	1,411,408	2,091,317	538,553	37,343	558,607	454,594
2005	1,428,006	1,985,496	713,958	24,187	558,390	739,045
2004	1,366,872	1,775,224	832,438	19,682	535,504	979,272
2003	1,326,666	1,884,234	1,187,062	27,280	510,192	1,166,966
2002	1,229,499	1,739,246	994,924	28,876	507,194	1,021,247
2001	1,146,736	1,623,199	227,865	47,688	335,925	135,015
2000	1,095,166	1,271,174	223,903	41,929	248,738	338,562
1999	1,121,838	1,180,398	10,858	43,794	246,587	242,679

SCHEDULE OF PROJECTED CONNECTION FEES, DEBT SERVICE REQUIREMENTS AND COVERAGE

See Section H, "SCHEDULE OF PROJECTED CONNECTION FEES, DEBT SERVICE REQUIREMENTS AND COVERAGE".

SEWER SYSTEM FUND BALANCE

The System's unrestricted net assets for the last ten (10) years has been as follows.

Fiscal Year Ended <u>June 30</u>	<u>Unrestricted Net Assets</u>
2008	\$658,180
2007	706,194
2006	553,453
2005	647,780
2004	632,885
2003	409,886
2002	526,748
2001	545,226
2000	682,415
1999	632,287

Source: City of Howell.

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SECTION C

GENERAL DESCRIPTION AND STATISTICAL INFORMATION

The Bonds are payable only from the Net Revenues of the System. The materials contained in this Section is for information only.

CITY OF HOWELL

LOCATION AND DESCRIPTION

The City of Howell is centrally located within Livingston County in Michigan's lower peninsula, encompassing approximately 4.9 square miles. This City is located 40 miles east of the City of Lansing, 53 miles west of the City of Detroit and 252 miles from the City of Chicago.

FORM OF GOVERNMENT

The City operates under the Council-Manager form of government. The Mayor is elected for a two-year term and six council members are elected for four and two-year overlapping terms. The City Council appoints the City Manager, City Attorney, Clerk, Treasurer and Assessor who serve at the pleasure of the Council. All other department heads are appointed by the City Manager subject to the approval of the City Council, and serve at his pleasure.

POPULATION

2008 Estimated *	9,712
2000 U.S. Census	9,232
1990 U.S. Census	8,184
1980 U.S. Census	6,976

*Source: Southeast Michigan Council of Governments (SEMCOG)

FISCAL YEAR

July 1 to June 30

PROPERTY VALUATIONS

Article IX, Section 3, of the Michigan Constitution provides that the proportion of true cash value at which property shall be assessed shall not exceed 50% of true cash value. The Michigan Legislature by statute has provided that property shall be assessed at 50% of its true cash value. The Michigan Legislature or the electorate may at some future time reduce the percentage below 50% of true cash value.

On March 15, 1994, the electors of the State approved an amendment to the Michigan Constitution permitting the Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as "Taxable Value." Since 1995, taxable property has two valuations -- State equalized valuation ("SEV") and Taxable Value. Property taxes are levied on Taxable Value. Generally, Taxable Value of property is the lesser of (a) the Taxable Value of the property in the immediately preceding year, adjusted for losses, multiplied by the lesser of the inflation rate, or 5%, plus additions, or (b) the property's current SEV. Under certain circumstances, therefore, the Taxable Value of property may be different from the same property's SEV. When property is sold or transferred, Taxable Value is adjusted to the SEV, which under existing law is 50% of the current true cash value. The Taxable Value of new construction is equal to current SEV. Taxable Value and SEV of existing property are also adjusted annually for additions and losses.

REAL PROPERTY TAX ASSESSMENTS

Responsibility for assessing taxable real property rests with the local assessing officer of each city and township. Any property owner may appeal the assessment to the local assessor, the local Board of Review and ultimately to the Michigan Tax Tribunal.

The Michigan Constitution also mandates a system of equalization for assessments. Although the assessors for each local unit of government within a county are responsible for actually assessing at 50% of true cash value, adjusted for Taxable Value purposes, the final SEV and Taxable Value are arrived at through several steps. Assessments are established initially by the municipal assessor. Municipal assessments are then equalized to the 50% levels as determined by the County's Department of Equalization. Thereafter, the State equalizes the various counties in relation to each other. SEV is important, aside from its use in determining Taxable Value for the purpose of levying ad valorem property taxes, because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits. Real property that is exempt from property taxes, e.g., churches, government property, public schools, is not included in the SEV and Taxable Value data in the Official Statement. Property granted tax abatements

