

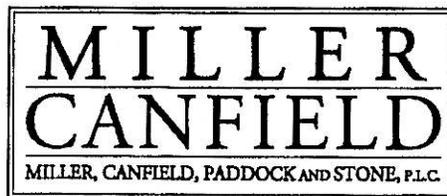
February 23, 2006

TO: John Szerlag, City Manager
FROM: John M. Lamerato, Assistant City Manager-Finance and Administration
SUBJECT: Public Hearing - William Beaumont Hospital

The Internal Revenue Code requires a public hearing before authorizing the issuance of bonds by a Hospital Authority in all jurisdictions benefiting from the issuance. Since a portion of the bond issue will be used to refund bonds used to construct an addition to Troy Beaumont Hospital, we have been requested to hold a public hearing.

It should be noted that approval of the issuance of bonds by the City of Troy for the benefit of the City of Royal Oak Hospital Finance Authority will not have any effect on the ability of the City of Troy to issue bonds or involve any liability to the City of Troy for the bonds.

Founded in 1852
by Sidney Davy Miller



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January 31, 2006

Via e-mail to: szerlagaj@ci.troy.mi.us

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John Lamerato, Assistant City Manager/Finance & Admin.
City of Troy
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Troy, Michigan 48084

RE: City of Royal Oak Hospital Finance Authority – William Beaumont Hospital

Lady and Gentlemen:

William Beaumont Hospital is anticipating a financing through the City of Royal Oak Hospital Finance Authority utilizing tax-exempt bonds. Miller Canfield is acting as bond counsel with respect to the bonds. Although all of the bonds will be issued by the City of Royal Oak Hospital Finance Authority, as permitted by State law, a portion of the proceeds of the bonds will be used to refund bonds the proceeds of which we used to construct an addition to the hospital facility of William Beaumont Hospital in the City of Troy.

As required by the Internal Revenue Code of 1986, as amended (the "Code"), the City of Royal Oak must hold a public hearing and permit the issuance of the bonds. In addition, the Code requires, when proceeds of the bonds will be used outside of the jurisdiction issuing the bonds, that such other jurisdiction also hold a public hearing and authorize the issuance of the bonds.

To meet the requirements of the Code, we would like to request being placed on your City Council agenda for your February 27, 2006 meeting for the purpose of conducting a public

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

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January 31, 2006

hearing and approving the issuance of the bonds by the City of Royal Oak Hospital Finance Authority. I am attaching a draft of the notice that, when completed, will be released for publication later this week. I will send you a completed copy when it is available. I am also attaching the proposed resolution that would be considered. The format of the resolution is identical to ones that the City Council for the City of Troy has passed in previous years for financings of William Beaumont Hospital through the City of Royal Oak Hospital Finance Authority.

The approval of the bonds by the City Council of the City of Troy is solely for the purposes of meeting the public approval requirements of the Code. Such approval will not have any effect on the ability of the City of Troy (or affiliates) to issue bonds and will not involve any liability to the City of Troy (or affiliates).

Please confirm that we can be placed on your agenda for your February 27, 2006 City Council meeting. Also, please confirm the time and location I have used in the attached notice for the Troy meeting.

Sincerely,



Timothy D. Sochocki

TDS/pmh
enc.

cc: Joe Bruni (jbruni@beaumont.edu)
Dennis Herrick (dherrick@beaumont.edu)
James Hughes, Esq. (hughes@butzel.com)
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NOTICE OF PUBLIC HEARINGS ON THE ISSUANCE
BY THE CITY OF ROYAL OAK HOSPITAL FINANCE AUTHORITY
OF HOSPITAL REVENUE AND HOSPITAL REVENUE REFUNDING BONDS
FOR THE BENEFIT OF WILLIAM BEAUMONT HOSPITAL

NOTICE IS GIVEN that the City Commission of the City of Royal Oak will hold a public hearing at 7:30 o'clock p.m., in the Commission Chambers of City Hall, 211 Williams Street, Royal Oak, Michigan on the 20th day of February, 2006, that the City Council of the City of Sterling Heights will hold a public hearing at 7:30 o'clock p.m. in the City Hall Council Chambers, 40555 Utica Road, Sterling Heights, Michigan on the 21st day of February, 2006, and that the City Council of the City of Troy will hold a public hearing at 7:30 o'clock p.m. in the City Council Chambers, City Hall, 500 W. Big Beaver, Troy, Michigan on the 27th day of February, 2006, each on the proposed issuance of hospital revenue and hospital revenue refunding bonds (the "Bonds") in one or more series in the maximum aggregate principal amount of \$235,000,000 by the City of Royal Oak Hospital Finance Authority to provide funds to loan to William Beaumont Hospital to be used by William Beaumont Hospital, together with other available funds, to (a) finance or refinance the costs of the acquisition; construction, renovation and equipping of the health care facilities described below (collectively, the "Projects"), (b) to refund the bonds described below (the "Prior Bonds"), (c) to pay a portion of the interest to accrue on the Bonds, (d) to fund a debt service reserve fund for the Bonds, and (e) to pay the costs of issuing the bonds.

The Projects (a portion of which will be financed with the proceeds of the Bonds) consist of the following: (a) at a presently estimated cost of \$125,210,699, the renovation of the north and central towers of the hospital facility of William Beaumont

Hospital located at 3601 West Thirteen Mile Road, Royal Oak, Michigan (the “Royal Oak Facilities”) generally consisting of the renovation of medical care areas, the improvement of architectural, electrical and mechanical infrastructure of the hospital facility and the improvement of fire alarm and fire protection systems, (b) at a presently estimated cost of \$26,271,345, the construction of an ambulatory care center on the hospital campus of William Beaumont Hospital located at 44300 Dequindre Road, Sterling Heights, Michigan (the “Sterling Heights Facility”).

The Prior Bonds consist of the City of Royal Oak Hospital Finance Authority Hospital Revenue and Refunding Bonds (William Beaumont Hospital) Series 1996I maturing on or after January 1, 2013.

The proceeds of the Prior Bonds were loaned to William Beaumont Hospital and used by William Beaumont Hospital, together with other available funds, (a) to refund a portion of the City of Royal Oak Hospital Finance Authority Hospital Revenue Bonds (William Beaumont Hospital), Series 1991D (the “Series 1991D Bonds”) the proceeds of which were used by William Beaumont Hospital (1) to construct a critical care tower and a four level addition to the hospital facility, related parking and a shipping and receiving facility, all at the Royal Oak Facilities, (2) to construct a six level addition to and renovation of the hospital facility of William Beaumont Hospital located at 44201 Dequindre Road, Troy, Michigan (the “Troy Facilities”), (3) to pay a portion of the interest on the Series 1991D Bonds and (4) to pay costs of issuing the Series 1991D Bonds, and (b) to pay the costs of issuing the Prior Bonds.

The Royal Oak Facilities, the Sterling Heights Facilities and the Troy Facilities are owned and operated by William Beaumont Hospital, a Michigan nonprofit corporation.

The public hearing will provide an opportunity for interested persons to be heard and communications in writing will be received and considered. The hearing will provide the fullest opportunity for expression of opinion, for argument on the merits, and for introduction of documentary evidence pertinent to the proposed bond issue.

Dated: February 5, 2006
Johnson

_____/s/_____
Don

Chairperson, City of Royal Oak
Hospital Finance Authority
211 Williams Street
Royal Oak, Michigan 48068
(810) 546-6330

AALIB:456315.3\006839-00008