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May 12, 2009

VIA ELECTRONIC MAIL

City of Troy, Michigan
500 W. Big Beaver Road
Troy, Michigan 48084
Attention: John M. Lamerato
Assistant City Manager/Finance & Administration

Re: WILLIAM BEAUMONT HOSPITAL
Tax-Exempt Financing

Dear Mr. Lamerato:

This correspondence is to apprise you of a potential financing for the benefit of William Beaumont Hospital (the "Hospital"). The Hospital is in the process of negotiating financing terms with Fifth Third Bank in order to finance the acquisition of certain information technology equipment (the "Project") for use at the Hospital. In order for the financing to qualify as "tax-exempt," the Hospital has requested that the Royal Oak Hospital Finance Authority (the "Authority") participate as the "issuer" of its tax-exempt obligations, which would be evidenced by a bond issued by the Authority and purchased by Fifth Third Bank, which bond shall be secured by payments under a lease-purchase agreement and assignment thereof. The Authority would be considered the conduit issuer of the tax-exempt obligations. The proposed tax-exempt obligations will be revenue obligations payable solely from revenue sources provided by the Hospital, and will not constitute a pledge of assets of the Authority nor will these obligations involve a full faith and credit pledge or pledge of the taxing power of the City of Troy (the "City") or any other political subdivision of the State of Michigan. Further, the issuance of these obligations will not involve the City of Troy's debt limitations under state law. Please note that in the financing documents, the Hospital will provide comprehensive indemnification for the City of Troy.

Moreover, the anticipated tax-exempt obligations will not affect the City's "qualified tax-exempt status," as newly enacted provisions pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended (the "Code") now treat a 501(c)(3) borrower, such as the Hospital, as an issuer separate and a part from the Authority and the City for purposes of "bank qualification." Tentatively, the principal amount of the proposed financing is estimated not to exceed $20,000,000. For federal tax purposes, this transaction would be a "qualified 501(c)(3)" financing.

In order to issue "qualified 501(c)(3)," tax-exempt obligations, pursuant to Section 147(f) of the Code, it is necessary to obtain the approval of the "applicable elected representative" within the applicable jurisdiction or jurisdictions where proceeds of the tax-exempt obligation will be spent or utilized. Because the members of the Authority do not qualify for this purpose, it is necessary to request that the City of Troy, through its Council and ultimately, its Mayor, provide this approval.

Procedurally, we have apprised the Authority of the Hospital's intention to provide for the issuance of tax-exempt obligations. It is our intention to schedule a public hearing with the City on Monday, June 1, 2009 (which requires publication of notice in a newspaper of general circulation at least fourteen days in advance of the public hearing). At the same meeting as the public hearing, it is anticipated that there will be legislation for the City Commission to consider with respect to proving its approval for purposes of satisfying the "applicable elected representative" requirement under the Code, as well as acknowledging that the Project will be acquired and utilized within its territorial jurisdiction (or "host approval" as it is referred to under the Code and the applicable Treasury Regulations). Accordingly, the Hospital requests your assistance in scheduling, as an agenda item, consideration of a resolution for the purposes of approving the proposed tax-exempt obligations from the standpoint of satisfying the "applicable elected representative" requirement under the Code, as well as providing for "host approval." We request that this matter be placed on the City's agenda at its regularly scheduled council meeting on **Monday, June 1, 2009**. We would be glad to further discuss this request during a working group or committee meeting. We have enclosed a draft of the proposed resolution, as well as the Certificate of Applicable Elected Representative for your review.

Thank you for your consideration of this matter and please do not hesitate to call with any questions (513-639-9237).

Very truly yours,

PECK, SHAFFER & WILLIAMS LLP

Per

Bradley N. Ruwe

cc: John Peetz
Jay Hughes, Esq.
Peter Ecklund, Esq.
Lana Anderson
Scot Masell
Christian Hyek

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MEMORANDUM

TO: Legal Ads, *Troy-Somerset Gazette*
(Via E-mail: editor@troy-somersetgazette.com)

FROM: Bradley N. Ruwe

DATE: May ___, 2009

RE: Notice of Public Hearing for the Royal Oak Hospital Finance Authority

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The attached legal notice is to be published once in the *Troy-Somerset Gazette* on **May 18, 2009**. In the event this notice cannot be run on or before **May 18, 2009** please call my secretary, Christy Burnette, at 513-639-9220 immediately.

Please acknowledge receipt of this correspondence by executing the following acknowledgement and faxing it to Christy Burnette at 513-621-3813. Please call Christy Burnette as soon as possible with a proof of the legal ad and the price of publication and then forward your invoice and the Affidavit of Publication at your earliest convenience.

Thank you for your assistance in this matter.

The undersigned acknowledges receipt of the foregoing request for publication on **May 18, 2009** of a Notice of Public Hearing for the Royal Oak Hospital Finance Authority.

TROY-SOMERSET GAZETTE

By: _____

Dated: May __, 2009

NOTICE OF PUBLIC HEARING

The City of Troy, Michigan will conduct a public hearing on Monday, June 1, 2009 at 7:30 p.m. in City Council Chambers located at 500 W. Big Beaver Road, Troy, Michigan 48084 to discuss the possible issuance of tax-exempt obligations by the Royal Oak Hospital Finance Authority (the "Authority") for the benefit of William Beaumont Hospital (the "Hospital"), which obligations shall be purchased by Fifth Third Bank and secured by a lease-purchase agreement between the Authority and the Hospital, and an assignment of rights thereof. The principal amount of the tax-exempt financing benefiting the Hospital will not exceed twenty million dollars ($20,000,000). The tax-exempt financing will be entered into by the Authority pursuant to Chapter 331 of the Hospital Finance Authority Act (Act 38 of 1969) of the Michigan Compiled Laws. The proceeds evidenced by this financing shall be used to: (A) finance the acquisition and installation of hospital facility equipment, including without limitation, the acquisition and installation of information technology hardware and software relating to servers, switches, disc storage, licenses, network voice and data improvements, and related information technology equipment, improvements, infrastructure, upgrades and service contracts related thereto (the "Hospital Facilities"), all to be located at William Beaumont Hospital, 3601 W. 13 Mile Road, Royal Oak, Michigan 48073; 44201 Dequindre Road, Troy, Michigan 48085; 44199 Dequindre Road, Troy, Michigan 48085; and 1350 Stephenson Highway, Troy, Michigan 48083 and (B) pay certain costs of issuance, if any. THIS FINANCING WILL BE A SPECIAL OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY FROM PAYMENTS TO BE MADE BY THE HOSPITAL. NEITHER THE BOND NOR THE LEASE-PURCHASE AGREEMENT (OR PAYMENTS THEREUNDER) SHALL REPRESENT OR CONSTITUTE A DEBT OR PLEDGE OF THE FAITH AND CREDIT OR THE TAXING POWER OF THE AUTHORITY OR THE STATE OF MICHIGAN OR ANY POLITICAL SUBDIVISION THEREOF. The primary user of the Hospital Facilities is presently anticipated to be William Beaumont Hospital, which is a Michigan nonprofit corporation. Interested persons are invited to attend this public hearing and will be given an opportunity to express their views concerning the proposed issuance of the tax-exempt obligations. Persons wishing to submit written comments should send them to the following address prior to the hearing date: 500 W. Big Beaver Road, Troy, Michigan 48084, Attn: City Clerk (with a copy to William Beaumont Hospital, 16500 W. 12 Mile Road, Southfield, Michigan 48076-2975, Attn: Vice President, Treasury Administration,). This notice is given pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended.

/s/ Tonni Barthlowmew

Title: City Clerk