



CITY COUNCIL ACTION REPORT

July 10, 2009

TO: John Szerlag, Acting City Manager

FROM: John M. Lamerato, Assistant City Manager-Finance and Administration

SUBJECT: Public Hearing to Receive Public Input on the City of Royal Oak Hospital Finance Authority Utilizing Tax-Exempt Bonds for William Beaumont Hospital - Troy

As required by the Internal Revenue Code of 1986, as amended (the "Code") the City of Troy is holding a public hearing to receive public input in advance of authorizing the City of Royal Oak Hospital Finance Authority to issue bonds that will be used for the acquisition and installation of hospital facility equipment as well as to refund bonds issued for William Beaumont Hospital – Troy.

It should be noted that approval of the issuance of bonds by the City of Royal Oak Hospital Finance Authority for the benefit of the City of Troy will not have any effect on the ability of the City of Troy to issue bonds, nor will it involve any liability to the City of Troy for the bonds.

Founded in 1852
by Sidney Davy Miller

MILLER CANFIELD

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July 1, 2009

John Szerlag, City Manager
City of Troy
500 West Big Beaver
Troy, Michigan 48084

via e-mail to: j.szerlag@troymi.gov

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 construct, acquire, renovate, equip, rehabilitate and/or improve hospital facilities in the City of Troy as well as to refund bonds the proceeds of which were used to construct, acquire, renovate, equip, rehabilitate and/or improve 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 July 20, 2009 meeting for the purpose of conducting a public 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 a draft of 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 passed in August, 2008 and in other previous years for financings of William Beaumont Hospital through the City of Royal Oak Hospital Finance Authority. I will send you a final resolution in the next couple of days with the amount of the bonds filled in.

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

Mr. John Szerlag

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July 1, 2009

The approval of the bonds by the City Council of the City of Troy is solely for the purpose 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 July 20, 2009 City Council meeting. Also, please confirm the time and location I have used in the attached notice for the Troy meeting.

Very truly yours,

Miller, Canfield, Paddock and Stone, P.L.C.

By: /s/ Kris Nied
Kristin E. Nied

Enclosure

DISCLOSURE UNDER TREASURY CIRCULAR 230: The United States Federal tax advice contained in this document and its attachments, if any, may not be used or referred to in the promoting, marketing or recommending of any entity, investment plan or arrangement, nor is such advice intended or written to be used, and may not be used, by a taxpayer for the purpose of avoiding Federal tax penalties. Advice that complies with Treasury Circular 230's "covered opinion" requirements (and thus, may be relied on to avoid tax penalties) may be obtained by contacting the author of this document.

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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 p.m., in the Commission Chambers of City Hall, 211 Williams Street, Royal Oak, Michigan on the 20th day of July, 2009, that the City Council of the City of Sterling Heights will hold a public hearing at 7:30 p.m. in the City Hall Council Chambers, 40555 Utica Road, Sterling Heights, Michigan on the 21st day of July, 2009, that the City Council of the City of Troy will hold a public hearing at 7:30 p.m. in the City Council Chambers, City Hall, 500 W. Big Beaver, Troy, Michigan on the 20th day of July, 2009, and that the City Council of the City of Grosse Pointe will hold a public hearing at 7:00 o'clock p.m. in the Municipal Complex, 17147 Maumee Avenue, Grosse Pointe, Michigan on the 20th day of July, 2009, 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 \$120,000,000 by the City of Royal Oak Hospital Finance Authority to provide funds to loan to William Beaumont Hospital (the "Hospital") to be used by the Hospital, together with other available funds, to (a) finance or refinance, at a presently estimated cost of \$20,000,000, a portion of the costs of the Project (described below), (b) to refund or otherwise reissue for federal tax purposes at an approximate cost of \$90,000,000 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 Project consists of payment of (a) the acquisition and installation of radiology imaging equipment and related information technology hardware and software and (b) the

construction of related infrastructure improvements and upgrades, all to be located at 3601 West Thirteen Mile Road, Royal Oak, Michigan (the “Main Hospital Campus”), 44201 Dequindre Road, Troy, Michigan 48085 (the “Troy Facilities”) and 468 Cadieux Road, Grosse Pointe, Michigan (the “Grosse Pointe Facilities”).

The Prior Bonds consist of all or a portion of (a) the \$39,225,000 City of Royal Oak Hospital Finance Authority Hospital Revenue Refunding Bonds (William Beaumont Hospital Obligated Group) Series 2006T and (b) the \$39,250,000 City of Royal Oak Hospital Finance Authority Hospital Revenue Refunding Bonds (William Beaumont Hospital Obligated Group) Series 2006U. The proceeds of the Prior Bonds were used by the Hospital to (a) advance refund the City of Royal Oak Hospital Finance Authority Hospital Revenue Bonds (William Beaumont Hospital), Series 1996I (the “Series I Bonds”), which Series I Bonds refinanced the indebtedness incurred by the Hospital in connection with the issuance of the City of Royal Oak Hospital Finance Authority Hospital Revenue Bonds (William Beaumont Hospital) Series 1991D (the “Series D Bonds”) and (b) pay costs of issuing the Prior Bonds. The proceeds of the Series D Bonds were used by the Hospital to (a) 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 Main Hospital Campus, (b) construct a six level addition to and renovation of the hospital facility of the Hospital located at the Troy Facilities and (c) pay costs of issuing the Series D Bonds.

The Prior Bonds were issued as a single issue for federal tax purposes with (a) the \$64,125,000 City of Royal Oak Hospital Finance Authority Hospital Revenue Bonds (William Beaumont Hospital Obligated Group) Series 2006R (the “Series R Bonds”) and (b) the \$64,100,000 City of Royal Oak Hospital Finance Authority Hospital Revenue Bonds (William Beaumont Hospital Obligated Group) Series 2006S (the “Series S Bonds”). The proceeds of the

