

~~THE INDUSTRIAL DEVELOPMENT AUTHORITY OF~~
~~THE CITY OF PEORIA, ARIZONA~~

June 21, 2006

A Special Meeting of the Board of Directors of The Industrial Development Authority of the City of Peoria, Arizona (the "Authority") was convened at 8401 West Monroe Street, Ironwood First Floor Conference Room, Peoria, Arizona, in open and public session at 4:00 P.M. on Wednesday, June 21, 2006.

Board Members Present: Directors Jerry Gauthier, Michael Bellard, Kenneth Compton, Janice Drake and Carnell Murrell.

Board Members Absent: Directors Caron Sada and Shelley Bade.

Others Present: William F. Wilder, legal counsel to the Authority; Stephen Kemp, Peoria City Attorney; and Bryant D. Barber, Esq.

Conduct of Business: Jerry Gauthier, President of the Authority, presided at the meeting, and William F. Wilder served as recording secretary at the meeting.

Minutes of December 8, 2005 Special Meeting: The minutes of the Special Meeting of the Authority held on December 8, 2005 were presented to the Directors, and upon a motion made by Mr. Compton and seconded by Mr. Murrell, the minutes were approved as presented.

NEW BUSINESS

Mr. Gauthier called upon Mr. Wilder to discuss with the Board matters pertaining to the Internal Revenue Service's examination of the proceedings of the Authority relating to the issuance of Bonds in 1999 for the benefit of the Arizona Retirement Centers, Inc., the Sierra Winds Life Care Retirement Community (the "Bonds").

Mr. Wilder advised that he had been contacted by a representative of the IRS; indicated that the Authority had been randomly selected for an examination of proceedings relating to the Bonds; and advised that a few hours prior to the meeting, he had received a letter from the Internal Revenue Service dated June 21, 2006, advising with regard to the examination, requesting for production of various materials and providing of information both by the Authority and the Arizona Retirement Centers, Inc.

Mr. Wilder explained that in 1994 when his firm had accepted the engagement to serve as the Authority's Counsel, the Authority had been advised and made aware that Mr. Wilder's firm represented the Arizona Retirement Centers, Inc., with regards to its Sierra Winds Life Care Retirement Community, and that if matters relating to the latter would to come before the Authority Board, Mr. Wilder's firm would need to continue to represent the Arizona Retirement Centers, Inc. and that special counsel would need to

be selected by the Authority to provide representation to it. Mr. Wilder explained that in 1999, when the Bonds had been issued, his firm had stepped aside as Authority's Counsel and represented Arizona Retirement Centers, Inc., in connection with the proceedings for the issuance of the Bonds.

Mr. Wilder advised that he was recommending the engagement of Bryant D. Barber, Esq. of the Lewis and Roca LLP law firm, to service as special counsel with regard to the IRS examination, on the basis of experience that Mr. Barber and firm have in regard to such matters based upon their representation of other major issuing authorities. Mr. Wilder further advised that he has a good working relationship with Mr. Barber although he would have equally good working relationships with other counsel if the Board was inclined to select different counsel.

Mr. Kemp advised that as City Attorney, he was well acquainted with the Lewis and Roca law firm; that the firm represented the City of Peoria on various matters; and that he was comfortable with the selection of Mr. Barber as special counsel to the Authority.

Discussion then followed and various questions were asked of Mr. Barber by different members of the Board and in turn, Mr. Barber outlined for the Board the manner in which he would propose to undertake representation with regard to the matter.

Specifically, Board members inquired as to whether the Authority would be responsible for the payment of Mr. Barber's fees. The Board was advised that under the indemnification agreements entered into by Arizona Retirement Centers, Inc. as part of the proceedings for the issuance of the Bonds, Arizona Retirement Centers, Inc. will be responsible for indemnifying the Authority for any costs incurred in connection with the examination.

After further discussion and upon a motion made by Ms. Drake and seconded by Mr. Ballard, the following resolution was unanimously adopted:

RESOLVED, that the Authority engage the services of Bryant D. Barber, Esq. of the law firm of Lewis and Roca LLP to service as special counsel to the Authority in connection with all matters relating to the examination by the Internal Revenue Service of the proceedings of the Authority relating to the issuance in 1999 of its Bonds for the benefit of the Arizona Retirement Centers, Inc., Sierra Winds Life Care Community Project; and in this regard, Mr. Barber and such other members of his firm as designated by Mr. Barber are hereby designated as agents and attorneys-in-fact for the Authority for the purposes of representation before the Internal Revenue Service, with regard to the subject matter, and the Officers of the Authority are hereby authorized and directed to executed IRS Form 2848 Power of Attorney and Declaration of Representative and any such other documents as required to evidence the authority of Mr.

Barber to represent the Authority before the Internal Revenue Service.

RESOLVED FURTHER, that the Authority understands that the firm of Ryley, Carlock & Applewhite will represent Arizona Retirement Centers, Inc. in connection with such Internal Revenue Service examination and the Authority expressly consents thereto.

OTHER BUSINESS

There was no other business to come before the meeting.

ADJOURNMENT

There being no further business to come before the Board, the meeting was duly adjourned at 4:45 p.m.

/s/ _____
Secretary