

RESOLUTION NO. 12, 2003

RESOLUTION OF THE COMMON COUNCIL OF
THE CITY OF VALPARAISO, INDIANA

WHEREAS, the City of Valparaiso, Indiana (The "Issuer") is authorized by IC 36-7-11.9 and 12 (collectively, the "Act") to Issue revenue bonds and notes for the financing and refinancing of economic development facilities, the funds from said revenue bonds and notes to be used for the acquisition, construction and equipping of said economic development facilities, and said facilities to be either sold or leased to a company or directly owned by a company; and

WHEREAS, Pines Village Retirement Communities, Inc. (formerly known as Indiana Retirement Communities, Inc.), and Indiana nonprofit corporation (the "Applicant"), has advised the Issuer that it proposes that the Issuer lend proceeds of an economic development financing to the Applicant to provide funds for (a) financing the current refunding of the City of Valparaiso Village Retirement Communities, Inc. Project), which was issued on January 17, 2003 to refinance a portion of the costs of the acquisition, construction, and equipping of various economic development facilities for the Applicant, including (i) the acquisition, construction and equipping of a comprehensive residential assisted living community and healthcare facility to be known as Meridian Woods, containing approximately 35 or 36 single story duplex buildings, 70 to 72 duet homes, an independent congregate living building containing approximately 110 apartment units together with ancillary dining, recreation and personal care facilities, and an additional building containing approximately 48 apartment units, and (ii) the acquisition construction and equipping of various other economic development facilities for the Applicant, including streets, grounds, landscaping and site improvements in connection with such facilities,

all such facilities located on a parcel of approximately 39 acres located on North Campbell Street in the City of Valparaiso, Indiana (the "Project"); and, (b) financing a portion of the remaining costs of the Project; and

WHEREAS, the diversification of industry and the increase in job opportunities to be achieved by the acquisition, construction, and equipping of a portion of the costs of the Project will be of public benefit to the health, safety and general welfare of the Issuer and its citizens; and

WHEREAS, it would appear that the financing and refinancing of a portion of the costs of the Project will be of public benefit to the health, safety and general welfare of the Issuer and its citizens; and

WHEREAS, it is tentatively found that the acquisition, construction, and equipping of the Project will not have an adverse competitive effect on any similar facility already constructed or operating in the City of Valparaiso, Indiana;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF VALPARAISO, INDIANA, as follows:

1. The Common Council of the City of Valparaiso, Indiana finds, determines, ratifies and confirms that the promotion of diversification of economic development and job opportunities in and near the City of Valparaiso, Indiana, is desirable to preserve the health, safety and general welfare of the citizens of the Issuer; and that it is in the public interest that the Commission and the Issuer take such action as they lawfully may to encourage economic development, diversification and industry and promotion of job opportunities in and near the Issuer.

2. The Common Council of the City of Valparaiso, Indiana approves, determines, ratifies, and confirms that the issuance and sale of an economic development revenue note of the Issuer under the Act, in an amount not to exceed approximately \$3,800,000 outstanding at any time, for the lending of the proceeds of the revenue note to the Applicant for the financing and refinancing of a portion of the costs of the acquisition, construction, and equipping of the Project will serve the public purposes referred to above, in accordance with the Act.

3. In order to induce the Applicant to proceed with the acquisition, construction and equipping of the Project, the Common Council of the City of Valparaiso, Indiana hereby approves, determines, ratifies and confirms that (i) it will take or cause to be taken such actions pursuant to the Act as may be required to implement the aforesaid financing, or as it may deem appropriate in pursuance thereof; and (ii) it will adopt such ordinances and resolutions and authorize the execution and delivery of such instruments and the taking of such action as may be necessary and advisable for the authorization, issuance and sale of said economic development revenue note; and that the aforementioned purposes comply with the provisions of the Act; and (iii) it will use its best efforts at the request of Applicant to authorize the issuance of additional bonds or notes for refunding or refinancing the outstanding principal amount of the note, for completion of the Project, or for additions to the Project, including the costs of issuance (providing that the financing of such addition or additions to the Project is found to have a public purpose [as defined in I.C. 36-7-12-1] at the time of authorization of such additional bonds or notes), and that the aforementioned purposes comply with the provisions of the Act; provided that all of the foregoing shall be mutually acceptable to the Issuer and the Applicant.

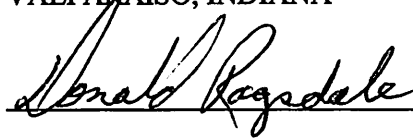
4. All costs of the Project incurred after the adoption of this inducement resolution, including reimbursement or repayment to the Applicant of moneys expended by the Applicant for planning, engineering, a portion of the interest paid during acquisition, construction and equipping of the Project, underwriting or placement expenses, attorney and bond counsel fees, and acquisition, construction and equipping of the Project will be permitted to be included as part of the note issue to finance remaining costs of the Project, and the Issuer will lend a portion of the proceeds from the sale of the note to the Applicant for the same purposes. Also, certain indirect expenses, including but not limited to planning, architectural work, and engineering incurred prior to this inducement resolution will be permitted to be included as part of the note issue to finance remaining costs of the Project.


5. The liability and obligation of the Valparaiso Economic Development Commission, the Common Council of the City of Valparaiso, Indiana, and the City of Valparaiso, Indiana, including their officers and agents, shall be limited solely to good faith efforts to consummate such proceedings and issue such note, and neither the Valparaiso Economic Development Commission, the Common Council of the City of Valparaiso, Indiana nor the City of Valparaiso, Indiana, or their officer or agents, shall incur any liability whatsoever if for any reason the proposed issuance of such bonds is not consummated.

6. This resolution shall constitute "official action" for purposes of compliance with federal and state laws requiring governmental action as authorization for future reimbursement from the proceeds of bonds or notes.

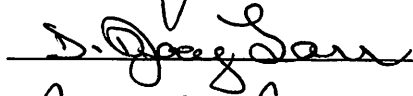
Adopted this 22nd day of September, 2003.

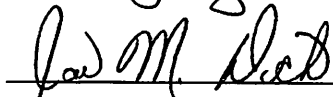
COMMON COUNCIL OF THE CITY OF
VALPARAISO, INDIANA
















(SEAL)

Attest:



Sharon E. Swihart, Clerk-Treasurer

REPORT OF THE VALPARAISO ECONOMIC DEVELOPMENT COMMISSION
CONCERNING THE PROPOSED FINANCING AND REFINANCING
OF ECONOMIC DEVELOPMENT FACILITIES FOR
PINES VILLAGE RETIREMENT COMMUNITIES, INC.

The Valparaiso Economic Development Commission proposes to recommend to the Common Council of the City of Valparaiso, Indiana that it provide funds for financing and refinancing a portion of the costs of the acquisition, construction and equipping of economic development facilities (the "Project") for Pines Village Retirement Communities, Inc. (the "Applicant"). The Project will consist of the acquisition, construction and equipping of various economic development facilities of the Applicant, including (i) the acquisition, construction and equipping of a comprehensive residential assisted living community and healthcare facility to be known as Meridian Woods, containing approximately 35 or 36 single story duplex buildings, 70 to 72 duet homes, an independent congregate living building containing approximately 110 apartment units together with ancillary dining, recreation and personal care facilities, and an additional building containing approximately 48 apartment units, and (ii) the acquisition, construction and equipping of various other economic development facilities for the Applicant, including streets, grounds, landscaping and site improvements in connection with such facilities, all such facilities to be located on a parcel of approximately 39 acres located on North Campbell Street in the City of Valparaiso, Indiana. The total cost for the acquisition, construction and equipping of the Project is presently estimated to be in an amount of approximately [\$22,500,000], and the Applicant presently seeks financing in an amount not to exceed approximately [\$3,800,000] outstanding at any time to provide funds for financing and refinancing a portion of such costs and for incidental costs of issuance of an economic development revenue note.

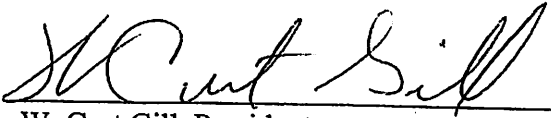
No public facilities to be paid for by the government will be made necessary on account of the proposed Project.

It is tentatively found that the acquisition, construction and equipping of the Project will not have an adverse competitive effect on any similar facilities already constructed or operating in or near the City of Valparaiso, Indiana.

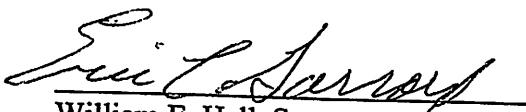
It is estimated that upon the completion of that portion of the Project to be presently financed the Borrower will employ approximately [29 new full-time] and [21 new part-time] employees with an estimated payroll of approximately [\$ 1,100,000 annually].

Adopted this 22nd day of September, 2003

VALPARAISO ECONOMIC DEVELOPMENT
COMMISSION


W. Curt Gill, President

Attest:


William E. Hall, Secretary