

**MINUTES OF THE DECEMBER 20, 2012 MEETING OF THE BOARD OF  
DIRECTORS OF THE ILLINOIS FINANCE AUTHORITY**

The Board of Directors (the “Board”) of the Illinois Finance Authority (the “IFA”), pursuant to notice duly given, held a Special Board Meeting on December 20, 2012, at 9:30 a.m. in the Chicago Office of the IFA, 180 North Stetson Avenue, Suite 2555, Chicago, Illinois 60601.

**IFA Board Members Present:**

1. William A. Brandt, Jr., Chairman
2. Michael W. Goetz, Vice Chairman (via audio conference)
3. Gila J. Bronner
4. James J. Fuentes
5. Lerry Knox
6. Terrence M. O’Brien
7. Heather D. Parish
8. Mayor Barrett F. Pedersen
9. Mordecai Tessler
10. Bradley A. Zeller (via audio conference)

**IFA Board Members Excused:**

1. Dr. William Barclay
2. Norman M. Gold
3. Edward H. Leonard, Sr.
4. Roger E. Poole

**IFA Staff Present:**

Christopher B. Meister, Executive Director  
Pamela A. Lenane, Vice President and Acting General Counsel  
Brad R. Fletcher, Legal/Financial Analyst  
Nora O’Brien, Legal/Financial Analyst  
Sohair Omar, Policy/Operations Analyst  
Rob Gelles, Fellow

**IFA Financial Advisor Present:**

None.

## **I. Call to Order & Roll Call**

The Special Board Meeting was called to order at 9:34 a.m. by Ms. Parish. The Executive Director, Mr. Meister, informed Ms. Parish that a quorum was not likely due to weather conditions. However, it was his expectation that a quorum may be reached if the Special Board Meeting were delayed and reconvened at a later time.

Ms. Parish, the sole Board member physically present, stated that the Special Board Meeting would be delayed due to lack of a quorum. Ms. Parish announced that (i) the Special Board Meeting would reconvene at 1:30 p.m. in the Chicago Office of the IFA, 180 North Stetson Avenue, Suite 2555, Chicago, Illinois 60601 and (ii) the Special Board Meeting would have no change in the agenda at such time.

The Assistant Secretary of the Board, Mr. Fletcher, called the roll. There being one member physically present (Parish) and four members participating via audio conference (Brandt, Goetz, Tessler, Zeller), the Assistant Secretary of the Board confirmed a quorum had not been attained.

Therefore, the Assistant Secretary of the Board recorded the following guests present:

- Alan M. Bell, Charity & Associates, P.C.
- Claire Bushey, Crain Communications, Inc. (via audio conference)
- Brienne Callahan, Marj Halperin Consulting, Inc. (via audio conference)
- Brian P. Crowley, Franczek Radelet P.C. (via audio conference)
- Courtney Shea, Acacia Financial Group, Inc. (via audio conference)

Ms. Parish reiterated that the Special Board Meeting had been delayed and as a result an attempt to reach a quorum would occur when the Special Board Meeting reconvenes at 1:30 p.m. pursuant to notice duly given. Finally, Ms. Parish informed those present that the teleconference number for the reconvened Special Board Meeting would be the same.

(Following the announcement made by Ms. Parish at the original Special Board Meeting, the Assistant Secretary of the Board posted a public notice of the delayed Special Board Meeting at IFA's principal office where the reconvened Special Board Meeting was to occur and a public notice of the delayed Special Board Meeting on IFA's website.)

*The Special Board Meeting was delayed from 9:38 a.m. until 1:30 p.m.*

The Special Board Meeting was reconvened and called to order at 1:30 p.m. by Chairman Brandt. The Assistant Secretary of the Board called the roll. There being eight members physically present and one member participating via audio conference, a quorum was reached.

Vice Chairman Goetz joined via audio conference at 1:33 p.m.

The Assistant Secretary of the Board noted for the record that all guests of the original Special Board Meeting were also present at the reconvened Special Board Meeting following the delay, with the exception of Ms. Shea.

## II. Chairman's Remarks

Chairman Brandt welcomed members of the Board, IFA staff and all guests present. Chairman Brandt noted that the Clare Oaks project had been withdrawn on previous occasions from IFA Board Meeting agenda due to ongoing negotiations. Nevertheless, the Board is now prepared to act on this financing to facilitate the bond closing before the end of calendar year 2012.

Chairman Brandt thanked members of the Board for participating in this Special Board Meeting, as occasions where the Board must meet other than at those times regularly scheduled are rare.

Executive Director Meister provided context on Clare Oaks for the benefit of those present.

Chairman Brandt clarified that the U. S. Bankruptcy Court recently entered an Order confirming Clare Oaks' Plan of Reorganization which will be substantially consummated with this financing.

## III. Approval of Project Report

Executive Director asked Ms. Lenane to present the project to the Board.

Ms. Lenane presented the following project, following a brief summation of Clare Oaks:

### ***Healthcare – Taxable and Tax-Exempt Revenue Bonds and Subordinated Revenue Refunding Bonds***

#### **Item No. 1: Clare Oaks - \$90,000,000**

Clare Oaks, an Illinois not-for-profit corporation, is requesting approval of a Bond Exchange and New Issue Resolution in an amount not-to-exceed Ninety Million Dollars (\$90,000,000) of Taxable and Tax-Exempt Revenue Bonds and Subordinated Revenue Refunding Bonds. This financing is being presented for one-time consideration.

On November 15, 2012, the U. S. Bankruptcy Court entered an Order confirming Clare Oaks' Plan of Reorganization (hereinafter, the "Plan"). In accordance with the Plan and the Confirmation Order, Clare Oaks has requested that the Illinois Finance Authority (hereinafter, the "Authority") issue not to exceed Ninety Million Dollars (\$90,000,000) in aggregate principal amount of the following series of bonds: (i) Taxable Revenue Bonds, Series 2012A-1 (Clare Oaks) (the "Series 2012A-1 Bonds"), Revenue Bonds, Series 2012A-2 (Clare Oaks) (the "Series 2012A-2 Bonds") and its Taxable Revenue Bonds, Series 2012A-3 (Clare Oaks) (the "Series 2012A-3 Bonds" and, together with the Series 2012A-1 Bonds and the Series 2012A-2 Bonds, the "Series 2012A Bonds"), (ii) Subordinated Revenue Refunding Bonds, Series 2012B (Clare Oaks) (the "Series 2012B Bonds"), (iii) Subordinated Revenue Refunding Bonds, Series 2012C-1 (Clare Oaks) (the "Series 2012C-1 Bonds"), (iv) Subordinated Revenue Refunding

Bonds, Series 2012C-2 (Clare Oaks) (the “Series 2012C-2 Bonds”), and (v) Subordinated Revenue Refunding Bonds, Series 2012C-3 (Clare Oaks) (the “Series 2012C-3 Bonds” and, together with the Series 2012C-1 Bonds and the Series 2012C-2 Bonds, the “Series 2012C Bonds” and, together with the Series 2012A Bonds and the Series 2012B Bonds, the “Series 2012 Bonds”);

The Series 2012A Bonds will be issued in order to provide a portion of the funds necessary to (i) refinance the Borrower’s Debtor-in-Possession Loan; (ii) pay or reimburse Clare Oaks for the costs of certain projects owned or to be owned by Clare Oaks, including but not limited to the renovation, remodeling and equipping of certain facilities of Clare Oaks; (iii) pay a portion of the interest on the 2012 Bonds, if deemed necessary or advisable by the Authority or Clare Oaks; (iv) provide working capital, if deemed necessary or advisable by the Authority or Clare Oaks; (v) fund one or more debt service reserve funds for the benefit of the Series 2012 Bonds, if deemed necessary or advisable by the Authority or Clare Oaks; (vi) fund a rent reserve fund; (vii) fund a liquidity support fund and (viii) pay certain expenses incurred in connection with the issuance of the Series 2012 Bonds.

The Series 2012 Bonds will be purchased by certain owners of the Series 2006 Bonds, namely Sovereign Bank, N.A., MB Financial, Invesco, Ltd., Pioneer Investment Management, Inc., Lord Abbett & Co., LLC and other affiliated entities.

The Series 2012B Bonds and the Series 2012C will be issued in exchange for the outstanding Illinois Finance Authority Series 2006 Bonds, as described in the Resolution, with each holder of Series 2006 Bonds to receive a ratable share of the Series 2012B Bonds and the Series 2012C Bonds based upon the principal amount of the Series 2006 Bonds owned by each holder.

Chairman Brandt asked if the members of the Board had any questions related to the project presented. There being none, Chairman Brandt requested a motion to approve the project. Mayor Pedersen made a motion and Ms. Bronner seconded the motion. A roll call vote was taken and the project was granted approval unanimously.

**IV. Other Business**

None.

**VII. Public Comment**

None.

**VIII. Adjournment**

Chairman Brandt requested a motion to adjourn the Board Meeting. A motion to adjourn was made by Ms. Bronner and seconded by Ms. Parish. A voice vote was taken and the motion was adopted unanimously.

The Board Meeting adjourned at 1:43 p.m.

Minutes submitted by:  
Brad R. Fletcher  
Assistant Secretary of the Board