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Independent Accountant's Report

To the Board of Commissioners and
Suzet McKinney, Executive Director
Illinois Medical District Commission

We have examined the accompanying schedule of the debt service coverage ratio calculation - pledged revenue properties of the Illinois Medical District Commission applicable to the 2006 revenue bonds for the year ended June 30, 2017. The Illinois Medical District Commission's management is responsible for presenting the schedule of debt service coverage ratio calculation - pledged revenue properties in accordance with the criteria set forth in the notes to this schedule. Our responsibility is to express an opinion on the schedule of debt service coverage ratio calculation - pledged revenue properties based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the schedule of debt service coverage ratio calculation - pledged revenue properties is in accordance with the criteria set forth in the notes to this schedule, in all material respects. An examination involves performing procedures to obtain evidence about the schedule of debt service coverage ratio calculation - pledged revenue properties. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the schedule of debt service coverage ratio calculation - pledged revenue properties, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the schedule of debt service coverage ratio calculation - pledged revenue properties for the year ended June 30, 2017 is presented in accordance with criteria set forth in the notes to this schedule, in all material respects.

This report is intended solely for the information and use of the Illinois Medical District Commission, the State of Illinois, the bond trustee, and issuer and is not intended to be and should not be used by anyone other than the specified parties.

Plante & Moran, PLLC

February 27, 2018

Illinois Medical District Commission
(A Component Unit of the State of Illinois)
Schedule of Debt Service Coverage Ratio Calculation - Pledged Revenue Properties
Year Ended June 30, 2017

REVENUES AVAILABLE FOR DEBT SERVICE		
Net operating income of pledged revenue properties	$	1,770,136
Add back items excluded from calculation per the Indenture		
Depreciation expense		750,338
Investment income on funds held by Trustee*		157,329
Trustee fees*		(3,500)
Voluntary contributions (Note 3)		500,000
Total revenues available for debt service		3,174,303
DEBT SERVICE REQUIREMENTS		
Series 2006A:		
Principal payment due September 1, 2016		270,000
Interest payment due September 1, 2016		140,818
Interest payment due March 1, 2017		135,249
Series 2006B:		
Principal payment due September 1, 2016		1,190,000
Interest payment due September 1, 2016		763,686
Interest payment due March 1, 2017		733,103
Total debt service requirements	$	3,232,856
Debt service coverage ratio		0.98

* Investment income on funds held in trust and Trustee fees are netted against interest expense on the Commission's statement of revenues, expenses and changes in net position.

NOTE 1 - 2006 REVENUE BONDS

On January 31, 2006, the Illinois Finance Authority (IFA) issued $40 million of revenue bonds (Series 2006) on behalf of the Illinois Medical District Commission (the “Commission”). Concurrently, the Commission and the IFA entered into a loan and security agreement, in which the IFA loaned $40 million to the Commission for the purpose of acquiring and developing certain properties referred to as pledged revenue properties. These properties consisted of certain real estate parcels within the Illinois Medical District upon which the Commission intended to construct facilities to be used for medical and other ancillary activities.

NOTE 2 - DEBT SERVICE COVERAGE RATIO

The debt service coverage ratio was prepared based on the definitions in the indenture of trust dated January 1, 2006. The debt service coverage ratio was computed by dividing revenue available for debt service over debt service on the bonds payable during the fiscal year. Revenue available for debt service means revenue less operating expenses for the period. Debt service means the regularly scheduled payments of principal of (whether at maturity or by mandatory sinking fund redemption) premium, if any, and interest due and payables on the bonds as of such period.

The loan and security agreement referred to above requires the Commission to achieve a debt service coverage ratio of at least 1.05 for each fiscal year commencing with the fiscal year beginning on July 1, 2009. Further, the loan and security agreement requires the Commission to establish and charge rents, fees, and other amounts relating to the pledged revenue properties and to restrict operating and maintenance expenses relating to such properties as necessary to achieve this 1.05 debt service coverage ratio. The debt coverage ratio included in the accompanying schedule of debt service coverage ratio calculation - pledged revenue properties was prepared based on the definitions in the indenture of trust dated January 1, 2006. The indenture of trust contains definitions of revenue, revenue available for debt service, operating expenses, and debt service. Revenue available for debt service in the schedule of debt service coverage ratio calculation - pledged revenue properties includes net operating income, investment income, and voluntary contributions, which is consistent with the indenture of trust. Operating expenses include trustee fees and exclude noncash expenses such as depreciation. The debt service coverage ratio was computed by dividing revenue available for debt over debt service on the 2006 revenue bonds payable during the fiscal year. For the fiscal year ended June 30, 2017, the Commission achieved a debt service coverage ratio of 0.98.

During the year ended June 30, 2017, the Commission voted to redeem the full balance of the series 2006A bonds and to redeem a portion of the Series 2006B bonds. The redemption occurred in May 2017. The deficiency in the debt service coverage ratio would not have existed with the exclusion of the Series 2006A bond payments made in fiscal year 2017, and management asserts that no risk of default existed. The May 2017 redemption removed the Series 2006A bonds from a look-forward basis and produced a debt service coverage ratio of 1.18. The current revenues available for debt service to the debt service of the bonds payable, excluding the redeemed bonds, are sufficient to meet the debt service ratio of at least 1.05.

NOTE 3 - VOLUNTARY CONTRIBUTION AND OTHER TRANSFERS

Voluntary contributions included in the schedule of debt service coverage ratio calculation - pledged revenue properties are comprised of additional funds of $500,000 (that were derived from nonpledged revenues) which were deposited by the Commission with the Trustee.

NOTE 4 - DEBT SERVICE RESERVE FUND

Within the provisions of the 2006 revenue bonds, it is specified that funds be set aside that will serve as a debt service reserve for the bonds. These funds are equivalent to one year’s debt service (approximately $1.4 million in total) and are to be used whenever a deficiency exists in the payment of principal and/or interest on the Series 2006 revenue bonds. Such funds are on deposit with the Trustee and would be considered revenue available for debt service if used to meet future years’ principal and interest payments.