Sikich®

123 N. Wacker Dr., Ste. 1500 • Chicago, IL 60606

December 19, 2011

Mr. David A. Hulseberg
Village Manager
Village of Lombard
255 East Wilson Avenue
Lombard, Illinois 60148

Re: Limited Obligation related to the Lombard Public Facility Corporation

Dear Mr. Hulseberg:

Sikich LLP ("Sikich") was retained by the Village of Lombard to provide consulting services related to a limited obligation of the Village created through certain debt instruments of the Lombard Public Facility Corporation (LPFC). We performed these professional services in accordance with the Standards for Consulting Services established by the American Institute of Certified Public Accountants.

It is our understanding that the purpose of this engagement is to consider whether, in our opinion, it is in the best interests of the Village of Lombard to appropriate funds to support the Series A and B debt obligations of LPFC based on the economic and financial merits of the situation.

The scope of our analysis included review of the following documents:

1. Documents creating certain debt obligations known as Series A, Series B and Series C which serve as the underlying financing for the Westin Hotel Lombard. This 500 room hotel is owned and operated by the Lombard Public Facility Corporation.

2. Review and analysis of two market studies prepared by HVS International dated March 29, 2004 and May 20, 2010.

3. Review and analysis of LPFC's financial statements prepared by Crowe Horwath for the fiscal years 2008-2010.

4. Review of the "Invitation to Tender Bonds" dated March, 2011 including Scenarios A, B, and C related to possible repayment estimates.

5. Review of other internally prepared summary documents provided to us by the Village Manager related to this matter.

In addition, we also toured the Westin facility as well as certain of the competing properties.

The opinions which follow are based on information contained in the attachments to this report and in our presentation to the Village Board on December 27, 2011.

Opinions and Recommendation

1. The national and local hospitality markets suffered a devastating downturn during the period June, 2007 through the present. This market condition was unforeseen in its depth and is of unknown length.

2. As a result, the operating results of the Westin Lombard, both actual and projected, have been and will be far lower than originally estimated in the HVS International study which supported the bond obligations. In fact, current operating results are slightly below that estimated by HVS International in their updated and revised study completed in 2010.

3. The subject hotel is well located and in good repair with a sound operating future.

4. Over the next two years, Series A and B bonds can be serviced from existing reserves without the intervention of the Village of Lombard. These reserves should be tapped in order to secure time for the LPFC to seek a restructured solution.

5. We assumed that the Village will continue to rebate sales taxes as currently required without regard to the status of the bond obligations or the possible restructuring of the LPFC. Therefore, this is not a consideration in the analysis.

6. Failure to appropriate funds for this limited obligation will likely cause the bond rating of the Village to decline which will increase debt costs in the near term. The increase in debt costs are estimated to be far lower than the estimated cost of the subject limited obligation through 2035.

7. Based on the economic and financial merits ONLY of the situation, it is our opinion that the Village of Lombard should not, at this time, appropriate money to support the current debt structure under the current covenants.

Our opinions are subject to the terms of the engagement letter and the contractual conditions attached upon which this assignment was accepted.

We appreciate the opportunity to assist you on this important assignment.

Very truly yours,

Sikich LLP

Sikich LLP
By: Mary O'Connor, ASA, MRICS
Partner, Valuation and Dispute Advisory Services

Lombard Public Facilities Corporation

Historical Hotel Sub-Market Statistics

Year	Occupancy	Average Rate	RevPar
1999	70.6%	$121.49	$ 85.83
2000	72.0%	$125.91	$ 90.61
2001	63.4%	$122.37	$ 77.59
2002	61.1%	$113.10	$ 69.12
2003	58.7%	$108.91	$ 63.95
2004	60.4%	$106.06	$ 64.06
2005	60.3%	$112.86	$ 68.10
2006	64.2%	$123.83	$ 79.48
2007	62.6%	$129.65	$ 81.14
2008	60.1%	$126.43	$ 75.94
2009	56.9%	$106.64	$ 60.67
2010	52.2%	$98.65	$ 51.49
Compound Average Growth Rate		-1%	-3.4%

Source: Smith Travel STR

Hotels in sample include:

Embassy Suites, Lombard
Westin, Lombard
Hilton Oakbrook Terrace Suites
Marriott Chicago Suites Downers Grove
Doubletree Chicago Downers Grove
Renaissance Oak Brook Hotel
Doubletre Chicago Oak Brook
Marriott Oak Brook Hills Resort
Marriott Chicago Oak Brook
Hyatt Lisle

Lombard Public Facilities Corporation

Comparison of Original and Updated HVS Study

	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
HVS Ten-Year Forecast (Original)										
Occupancy	57%	62%	66%	69%	69%	69%	69%	69%	69%	69%
Average rate	$127.30	$134.61	$143.22	$147.84	$152.25	$156.78	$161.49	$166.33	$171.32	$176.46
Total Revenue (In $millions)	$45,167	$50,534	$55,385	$58,957	$60,883	$62,582	$64,330	$65,949	$67,563	$69,064
Cash Available for Debt Service and Other Payments (In $millions)	$10,857	$13,169	$15,269	$14,240	$14,663	$15,056	$15,495	$15,898	$16,344	$16,787
HVS Ten-Year Forecast (Updated in 2010)										
Occupancy				58%	61%	63%	65%	68%	68%	68%
Average Rate				$117.20	$120.71	$126.74	$134.35	$139.72	$143.91	$148.23
Total Revenue (In $millions)				$29,234	$31,400	$33,577	$36,031	$38,838	$40,003	$41,203
Cash Available for Debt Service and Other Payments (In $millions)				$5,245	$6,228	$7,246	$8,495	$9,905	$10,190	$10,483
Difference in Occupancy Projection				11%	8%	6%	4%	1%	1%	1%
Difference in Average Rate Projection				$30.64	$31.54	$30.04	$27.14	$26.61	$27.41	$28.23
Difference in Total Revenue				$29,723	$29,483	$29,005	$28,299	$27,111	$27,560	$27,861
Difference in Cash Available for Payments				$8,995	$8,435	$7,810	$7,000	$5,993	$6,154	$6,304
Percent Difference in Cash Available for Payments				63%	58%	52%	45%	38%	38%	38%

Lombard Public Facilities Corporation

Estimated Project Cash Flow - Scenario B

Use of Reserves to Service Series A and B

	2011	2012
TOTAL NET REVENUE	$5,311	$5,888
Less: Series A Debt Service	-$7,050	-$8,610
Plus: Application of Reserve Funds	$1,739	$2,722
Series A Shortfall	$0	$0
Revenue Available to Pay Series B Debt	$0	$0
Less: Series B Debt Service	-$2,226	-$2,431
Plus: Tax Rebate	$954	$989
Plus: Capitalized Interest and Other Earnings	$136	$87
Plus: Draw on DSRF	$1,136	$1,355
Series B Shortfall	$0	$0
Cash available for Series C Debt	$0	$0
Cash available for Reserves for FF&E	$0	$0
Cash available for Subordinate Fees	$0	$0
Cash available for Supersubordinate Fees	$0	$0