

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

**NEW ISSUE –FULL BOOK ENTRY
NOT BANK QUALIFIED**

**RATINGS: Standard & Poor's: "A"
Moody's: "A1"
See "RATINGS"**

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), (1) the interest on the Series 2012 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, (2) the interest on the Bonds is exempt from Nebraska income taxation by the State of Nebraska and (3) the Bonds have not been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "TAX MATTER," in this Official Statement.

OFFICIAL STATEMENT

\$12,080,000 THE CITY OF LINCOLN, NEBRASKA PARKING REVENUE AND REFUNDING BONDS SERIES 2012

Dated: date of delivery

Due: August 15 as shown on the inside cover

The Series 2012 Bonds are issuable in fully registered form and, when initially issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Series 2012 Bonds. Purchases of the Series 2012 Bonds will be made in book-entry-only form, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC participants. Beneficial owners of the Series 2012 Bonds will not receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Series 2012 Bonds. So long as DTC or its nominee is the registered owner of the Series 2012 Bonds, payments of the principal of, redemption premium, if any, and interest on the Series 2012 Bonds will be made directly to DTC. Interest is payable on February 15 and August 15 of each year, beginning February 15, 2013. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. Wells Fargo Bank, National Association, is trustee, bond registrar and paying agent for the Series 2012 Bonds (the "Trustee"). For terms relating to principal and interest payments made in respect of the Series 2012 Bonds in the event the use of book-entry form is discontinued, see "THE SERIES 2012 BONDS - Book-Entry-Only System."

The Series 2012 Bonds maturing August 15, 2023, and thereafter are subject to optional redemption prior to maturity at any time on or after August 15, 2022. See "THE SERIES 2012 BONDS - Optional Redemption."

The Series 2012 Bonds are being issued to (a) provide for the payment and redemption of \$3,290,000 outstanding principal amount of the City's Parking Revenue Bonds, Series 2001, dated December 18, 2001, (b) pay a portion of the costs of constructing an approximately 516-stall parking garage, as more fully described under "PLAN OF FINANCING – The 2012 Project," (c) make a deposit into the 2012 Account in the Reserve Fund with respect to the Series 2012 Bonds, and (d) pay the costs of issuing the Series 2012 Bonds. The Series 2012 Bonds, together with and all other bonds (collectively, the "Bonds") previously or hereafter issued pursuant to Ordinance No. 17541 of the City (as amended and supplemented from time to time, the "Bond Ordinance"), are payable solely from and are secured by a pledge of (1) the net earnings (gross revenues less operating and maintenance expenses) of the motor vehicle off-street parking facilities financed or refinanced by the City in whole or in part, with the proceeds of bonds, (2) the gross on-street parking meter revenues of the City, (3) all amounts on deposit in the City's Street Construction Fund, including certain amounts, if any, distributed by the State of Nebraska to the City for street purposes, if and to the extent available for such application, (4) other available funds of the City, if any, and (5) money, if any, on deposit in certain funds and accounts created by the Bond Ordinance. See "INTRODUCTION," "SECURITY" and "SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE."

THE SERIES 2012 BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY AND NEITHER THE FULL FAITH AND CREDIT OF THE CITY OR THE STATE OF NEBRASKA (THE "STATE"), NOR ANY FUNDS DERIVED BY THE CITY FROM SOURCES OTHER THAN THOSE SPECIFICALLY MENTIONED IN THE PRECEDING PARAGRAPH, ARE PLEDGED TO THE PAYMENT THEREOF. THE SERIES 2012 BONDS ARE SPECIAL, REVENUE OBLIGATIONS OF THE CITY AND THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST THEREON DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS IS LIABLE THEREON. THE SERIES 2012 BONDS DO NOT CONSTITUTE A DEBT WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION UNDER THE LAWS OF THE STATE. THE SERIES 2012 BONDS AND THE INTEREST THEREON DO NOT, DIRECTLY OR INDIRECTLY, OBLIGATE THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY ANY FORM OF TAXATION THEREFOR OR TO MAKE ANY APPROPRIATIONS FOR THEIR PAYMENT, AND SUCH SERIES 2012 BONDS DO NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWERS OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF.

MATURITY SCHEDULE - See Inside Cover

The Series 2012 Bonds are offered when, as, and if issued, subject to the approval of legality by Gilmore & Bell, P.C., Lincoln, Nebraska, as bond counsel. Certain legal matters will be passed on by Rodney M. Confer, City Attorney. It is expected that the Series 2012 Bonds will be available for delivery through DTC, New York, New York, on or about December 13, 2012.

AMERITAS INVESTMENT CORP.

The date of this Official Statement is November 29, 2012.

MATURITY SCHEDULE

\$12,080,000
THE CITY OF LINCOLN, NEBRASKA
PARKING REVENUE AND REFUNDING BONDS
SERIES 2012

<u>Maturity (August 15)</u>	<u>Principal Amount</u>	<u>Rate of Interest</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP Number</u>
2013	\$ 685,000	0.40%	0.40%	100.000%	534310 GH4
2014	710,000	1.00	0.50	100.831	534310 GJ0
2015	715,000	1.00	0.75	100.659	534310 GK7
2016	335,000	1.50	0.95	101.979	534310 GL5
2016	400,000	4.00	0.95	110.980	534310 GZ4
2017	745,000	1.50	1.15	101.587	534310 GM3
2018	755,000	3.00	1.30	109.265	534310 GN1
2019	200,000	2.00	1.50	103.162	534310 GP6
2019	575,000	4.00	1.50	115.814	534310 HA8
2020	810,000	2.00	1.80	101.426	534310 GQ4
2021	590,000	2.00	2.00	100.000	534310 GR2
2022	435,000	3.00	2.20	106.933	534310 GS0
2023	450,000	2.30	2.40	99.061	534310 GT8
2024	460,000	2.40	2.50	98.991	534310 GU5
2025	470,000	2.50	2.60	98.924	534310 GV3
2026	480,000	4.00	2.55*	112.356	534310 GW1
2027	500,000	4.00	2.60*	111.901	534310 GX9
2032‡	2,765,000	3.00	3.10	98.532	534310 GY7

*Yield to date of earliest optional redemption

‡Term Bonds

THE CITY OF LINCOLN, NEBRASKA

555 South 10th Street
Lincoln, Nebraska 68508
(402) 441-7411

MAYOR

Christopher Beutler

CITY COUNCIL

Carl Eskridge (Chair)

Jon Camp
Eugene Carroll
Jonathan Cook

Doug Emery
DiAnna Schimek

DEPARTMENT HEADS

Steve Hubka..... Interim Finance Director
Rodney M. Confer City Attorney
Marvin Krout Planning Director
Lynn Johnson..... Parks and Recreation Director
Kevin Wiles LES Administrator and CEO
David Landis..... Urban Development Director
Pat Leach Library Director
Miki Esposito..... Public Works and Utilities Director
Judy Halstead..... Health Director
Douglas J. McDaniel Personnel Director
Thomas Casady..... Public Safety Director
Jim Peschong Police Chief
John Huff Fire Chief
Fred Hoke Building and Safety Director

Peggy Tharnish, City Controller

BOND COUNSEL

Gilmore & Bell, P.C.
Lincoln, Nebraska

TRUSTEE, REGISTRAR AND PAYING AGENT

Wells Fargo Bank, National Association
Minneapolis, Minnesota

UNDERWRITER

Ameritas Investment Corp.
Lincoln, Nebraska

Independent Auditors

BKD LLP
Lincoln, Nebraska

REGARDING USE OF THIS OFFICIAL STATEMENT

AUTHORIZED INFORMATION AND REPRESENTATIONS

No dealer, broker, sales representative or other person has been authorized by The City of Lincoln, Nebraska (the “City”) or Ameritas Investment Corp. (the “Underwriter”) to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2012 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City and other sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter. The Underwriter has provided the following sentence for inclusion in this Official Statement: “The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.” The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstance, create any implication that there has been no change in the affairs of the City since the date hereof.

The Underwriter intends to offer the Series 2012 Bonds initially at the offering prices set forth on the inside cover of this Official Statement, which may subsequently change without any requirement of prior notice.

REGISTRATION EXEMPTION

The Series 2012 Bonds have not been registered with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended (the “Securities Act”), in reliance upon an exemption contained in the Securities Act. In making an investment decision, investors must rely upon their own examination of the City and the terms of the offering, including the merits and risks involved. No federal or state securities commission or regulatory authority has recommended the Series 2012 Bonds. Moreover, none of the foregoing authorities has confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

FORWARD-LOOKING STATEMENTS

This Official Statement contains statements that are “forward-looking statements” as defined in Section 27a of the Securities Act of 1933 and Section 21e of the Securities Exchange Act of 1934. When used in this Official Statement, the words “estimate,” “intend,” “expect” and similar expressions are intended to identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Official Statement.

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IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2012 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THIS OFFICIAL STATEMENT IS NOT, AND MAY NOT BE CONSTRUED AS, A CONTRACT WITH THE PURCHASERS OF THE SERIES 2012 BONDS. STATEMENTS CONTAINED HEREIN WHICH INVOLVE ESTIMATES, FORECASTS, OR MATTERS OF OPINION, WHETHER OR NOT EXPRESSLY SO DESCRIBED HEREIN, ARE INTENDED SOLELY AS SUCH AND ARE NOT TO BE CONSTRUED AS A REPRESENTATION OF FACTS.

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OFFICIAL STATEMENT

\$12,080,000
THE CITY OF LINCOLN, NEBRASKA
PARKING REVENUE AND REFUNDING BONDS
SERIES 2012

INTRODUCTION

This Official Statement is provided by The City of Lincoln, Nebraska (the “City”) to furnish information about the City, its municipally owned motor vehicle off-street parking facilities (the “Facilities”), and its \$12,080,000 Parking Revenue and Refunding Bonds, Series 2012 (the “Series 2012 Bonds”). The Series 2012 Bonds are being issued pursuant to Ordinance No. 17541 of the City duly passed by the Council on August 16, 1999 and approved by the Mayor on August 20, 1999, as amended and supplemented from time to time including, but not limited to Ordinance No. 19772 by the Council on September 10, 2012 and approved by the Mayor on September 13, 2012 (collectively, the “Bond Ordinance”). The Series 2012 Bonds, together with all other parking revenue bonds or parking revenue refunding bonds previously or hereinafter issued by the City pursuant to the Bond Ordinance and outstanding thereunder are payable solely from and secured by a pledge of (1) the net earnings (gross revenues less operating expenses) of the Facilities (the “Net Off-Street Revenues”), (2) the gross on-street parking meter revenues of the City (the “Gross On-Street Revenues”), (3) all undesignated amounts on the on deposit in the City’s Street Construction Fund including amounts, if any, distributed by the State of Nebraska (the “State”) to the City pursuant to Section 66-4,148, Reissue Revised States of Nebraska, as amended, for street purposes, if and to the extent undesignated and available for such application (the “Available Street Funds,” which are shown as the “Assigned” Fund Balance in the Street Construction Fund on the Governmental Funds Balance Sheet in the City’s financial statements), (4) other available funds of the City, if any, and (5) moneys, if any, from time to time on deposit in the Construction Fund, Bond Fund, Reserve Fund, Renewal and Replacement Fund and Surplus Fund created by the Ordinance. The Net Off-Street Revenues and Gross On-Street Revenues are referred to collectively as the “Parking Revenues,” and the Parking Revenues and Available Street Funds are referred to collectively as the “Pledged Revenues.”

The City will use the proceeds of the Series 2012 Bonds, together with other legally available funds of the City, to (a) provide for the payment and redemption of \$3,290,000 outstanding principal amount of the City’s Parking Revenue Bonds, Series 2001, dated December 18, 2001 (the “Series 2001 Bonds”), (b) pay a portion of the costs of constructing an approximately 516-stall parking garage, as more fully described under “THE 2012 Project,” (c) make a deposit into the 2012 Account in the Reserve Fund with respect to the Series 2012 Bonds and, and (d) pay the costs of issuing the Series 2012 Bonds.

Descriptions of and references to the Series 2012 Bonds, the Bond Ordinance, related transaction documents and other matters do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the complete texts thereof, copies of which are available for inspection at the offices of the Underwriter of Series 2012 Bonds, Ameritas Investment Corp. (the “Underwriter”), at its offices in Lincoln, Nebraska. Definitions of initially capitalized terms used in this Official Statement and a summary of the Bond Ordinance may be found in “APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE.”

AUTHORITY

The Series 2012 Bonds are authorized pursuant to Sections 15-244 and 18-1803 to 18-1805, inclusive, Reissue Revised Statutes of Nebraska, as amended, Sections 8 and 44 of Article IX of the City Charter and the Bond Ordinance. Upon the issuance of the Series 2012 Bonds pursuant to the Bond Ordinance, the City will have outstanding (a) \$1,185,000 principal amount of Parking Revenue Bonds, Taxable

Series 2010B, dated December 29, 2010 (the “**Series 2010B Bonds**”), (b) \$18,520,000 principal amount of Parking Revenue and Refunding Bonds, Series 2011, dated January 27, 2011 (the “**Series 2011 Bonds**”) and the Series 2012 Bonds. The Bond Ordinance permits the issuance of additional parking revenue refunding bonds of the City (the “**Refunding Bonds**”) and additional parking revenue bonds of the City (the “**Additional Bonds**”) on a parity with the Series 2010B Bonds, the Series 2011 Bonds and the Series 2012 Bonds. See “**APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE - Refunding Bonds**” and “**- Additional Bonds**” to this Official Statement.

SECURITY

The Series 2012 Bonds, together with all other parking revenue bonds or parking revenue refunding bonds previously or hereinafter issued by the City pursuant to the Bond Ordinance and outstanding thereunder are payable solely from and secured by a pledge of (1) the net earnings (gross revenues less operating expenses) of the Facilities (the “**Net Off-Street Revenues**”), (2) the gross on-street parking meter revenues of the City (the “**Gross On-Street Revenues**”), (3) all undesignated amounts on the on deposit in the City’s Street Construction Fund including amounts, if any, distributed by the State of Nebraska (the “**State**”) to the City pursuant to Section 66-4,148, Reissue Revised States of Nebraska, as amended, for street purposes, if and to the extent undesignated and available for such application (the “**Available Street Funds**,” which are shown as the “Assigned” Fund Balance in the Street Construction Fund on the Governmental Funds Balance Sheet in the City’s financial statements), (4) other available funds of the City, if any, and (5) moneys, if any, from time to time on deposit in the Construction Fund, Bond Fund, Reserve Fund, Renewal and Replacement Fund and Surplus Fund created by the Ordinance. **The full faith and credit of the City is not pledged to the payment of the Bonds.** The Series 2012 Bonds rank on a parity with the Series 2010B Bonds, the Series 2011 Bonds and any Refunding Bonds or Additional Bonds hereafter issued by the City. Reference is made to “**APPENDIX B – PARKING STUDY**” to this Official Statement for historical and projected debt service coverage on all Bonds Outstanding under the Bond Ordinance.

Bond Reserve Fund

The Bond Ordinance provides for the creation with the Trustee of a Bond Reserve Fund in which there is established an account appropriately designated for each series of Bonds issued pursuant to the Bond Ordinance. The reserve requirement is defined to be at any given time of determination, for any series of Bonds, to the extent then permitted by law, the lesser of (a) 10% of the original principal amount of such series of Bonds, (b) the maximum annual debt service for such series of Bonds, and (c) 125% of the average annual debt service in the then current and in any succeeding year in which Bonds of such series are outstanding. A separate 2012 Account in the Bond Reserve Fund will be created for the Series 2012 Bonds and will be fully funded on the date of issuance. The Trustee is authorized to use money in a bond reserve account to pay debt service on the series of Bonds for which such account was established whenever and to the extent that money on deposit in the Bond Fund created by the Ordinance are insufficient for such purpose.

Renewal and Replacement Fund

The Ordinance creates with the City Treasurer a Renewal and Replacement Fund to be used for extraordinary and major maintenance, repairs, renewals and replacements of and to the Facilities and to pay debt service on Bonds to the extent amounts in the Bond Fund, Bond Reserve Fund and Surplus Fund are insufficient for such purpose. The Renewal and Replacement Fund will be fully funded on date of issue of the Series 2012 Bonds in an amount equal to 3½% of the aggregate principal amount of the Series 2012 Bonds, using the proceeds thereof and/or other available funds of the City. Whenever moneys are withdrawn from the Renewal and Replacement Fund, Pledged Revenues are required, after making all required deposits therefrom into the Bond Fund and the Bond Reserve Fund, to be deposited to replenish

the Renewal and Replacement Fund to an amount equal to 3½% of the original aggregate principal amount of all series of Bonds, any Bond of which is currently outstanding.

Surplus Fund

Any Pledged Revenues not required for debt service or to maintain the Bond Reserve Fund and the Renewal and Replacement Fund at their maximum amounts will be deposited in a Surplus Fund held by the City Treasurer, which may be used to (a) make up any deficiencies, in the order stated, in the Bond Fund, the Bond Reserve Fund and the Renewal and Replacement Fund, and (b) provided that the Bond Fund, the Bond Reserve Fund and the Renewal and Replacement Fund have on deposit therein the maximum amounts required by the Ordinance, the City may at its option apply moneys in the Surplus Fund for any of the following purposes: (1) to redeem Bonds in accordance with their option provisions and to purchase Bonds on the open market for the purpose of retirement and cancellation at a price not in excess of par plus accrued interest, plus any applicable redemption premium; (2) to construct any additional parking project or to construct additions, extensions, improvements, betterments, repairs, and replacements to any existing off-street parking project authorized by the governing body of the City; and (3) deposit any or all of such portion thereof as shall consist of Gross On-Street Revenues into such fund or account of the City as the City may determine, free and clear of the lien of the pledge created by the Ordinance.

When the City issued its parking revenue bonds in 1999, the City pledged the parking meter revenue, previously deposited into the City's general fund, to the payment of the principal of and interest on its parking revenue bonds. To compensate the general fund for the pledge of the parking meter revenues, the City has transferred annually a fixed amount to the City's general fund (currently \$685,000). Beginning September 1, 2013, the amount to be transferred from the Surplus Fund to the general fund of the City will be increased to \$1,435,000. The City anticipates generating additional amount of the transfer from increases in meter rates and the installation of additional parking meters in areas which do not currently have meters.

Rate Covenant

The City has covenanted to establish, maintain and collect fees, rents and other charges for the Facilities sufficient in amount to provide Parking Revenues equal in each fiscal year of the City to one and one-half (1.5) times the maximum annual aggregate debt service during such fiscal year on all outstanding Bonds.

Bonds Are Not General Obligations of the City

The Bonds are not a debt of the City within the meaning of any constitutional, statutory or charter limitation upon the creation of general obligation indebtedness of the City, and the City shall not be liable for the payment thereof out of any money of the City other than the Pledged Revenues and moneys from time to time on deposit in the various funds created by the Bond Ordinance.

PLAN OF FINANCING

The 2012 Project

The Series 2012 Bonds are being issued in part for the purpose of paying the costs of constructing an approximately 516-stall parking garage (the "**2012 Project**") located at 7th and "O" Streets in the City. The 2012 Project will be constructed of brick, concrete or a combination of both in association with an adjoining, privately developed "liner building" with street-level retail stores, and five levels of residential space. The City will deposit approximately \$8,500,000 of the proceeds of the Bonds, the total estimated cost of the 2012 Project, in the Construction Fund established under the Ordinance to be used by the City

solely to pay costs of the 2012 Project. Construction on the 2012 Project will began in October, 2012 and is estimated to be completed by September, 2013.

Refunding of Series 2001 Bonds

The Series 2012 Bonds are also being issued in part to provide for the payment and redemption of the City’s outstanding \$3,290,000 principal amount of Parking Revenue and Refunding Bonds, Series 2001 (the “**Series 2001 Bonds**”) which were issued to finance improvements to the parking facilities of the City. The City will transfer approximately \$3,237,000 of the proceeds of the Series 2012 Bonds to Wells Fargo Bank, National Association, as trustee for the Series 2001 Bonds, to be used, together with an additional amount of approximately \$116,000 of funds held by the Trustee, to redeem the Series 2001 Bonds on or about January 3, 2013.

ESTIMATED SOURCES AND USES OF FUNDS

SOURCES OF FUNDS:

Par Amount of Series 2012 Bonds	\$12,080,000.00
Plus: Net Original Issue Premium	346,198.65
Series 2001 Reserve Fund	470,392.50
Series 2001 Bond Fund	<u>115,653.13</u>
TOTAL:	<u>\$13,012,244.28</u>

USES OF FUNDS:

2012 Project Costs	\$8,502,315.63
Redemption of Series 2001 Bonds	3,352,334.79
2012 Reserve Account	973,373.86
Costs of Issuance (including Underwriter’s discount)	<u>184,220.00</u>
TOTAL:	<u>\$13,012,244.28</u>

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DEBT SERVICE SCHEDULE

Year Ending <u>August 31</u>	Outstanding <u>Bonds*</u>	Series 2012 Bonds		<u>Total</u>
		<u>Principal</u>	<u>Interest</u>	
2013	\$1,478,187.50	\$685,000.00	\$198,426.55	\$2,361,614.05
2014	1,480,025.00	710,000.00	292,440.00	2,482,465.00
2015	1,407,925.00	715,000.00	285,340.00	2,408,265.00
2016	1,407,025.00	735,000.00	278,190.00	2,420,215.00
2017	1,413,150.00	745,000.00	257,165.00	2,415,315.00
2018	1,410,900.00	755,000.00	245,990.00	2,411,890.00
2019	1,406,725.00	775,000.00	223,340.00	2,405,065.00
2020	1,405,550.00	810,000.00	196,340.00	2,411,890.00
2021	1,410,550.00	590,000.00	180,140.00	2,180,690.00
2022	1,874,350.00	435,000.00	168,340.00	2,477,690.00
2023	1,877,825.00	450,000.00	155,290.00	2,483,115.00
2024	1,867,825.00	460,000.00	144,940.00	2,472,765.00
2025	1,875,325.00	470,000.00	133,900.00	2,479,225.00
2026	1,874,325.00	480,000.00	122,150.00	2,476,475.00
2027	1,875,075.00	500,000.00	102,950.00	2,478,025.00
2028	1,874,400.00	520,000.00	82,950.00	2,477,350.00
2029	1,874,787.50	535,000.00	67,350.00	2,477,137.50
2030	1,875,981.26	555,000.00	51,300.00	2,482,281.26
2031	1,872,725.00	570,000.00	34,650.00	2,477,375.00
2032	---	585,000.00	17,550.00	602,550.00
TOTAL:	<u>\$31,562,656.26</u>	<u>\$12,080,000.00</u>	<u>\$3,238,741.55</u>	<u>\$46,881,397.81</u>

*Excluding the refunded Series 2001 Bonds.

THE CITY'S OFF-STREET PARKING FACILITIES

General

The City opened its first parking garage, originally called the Centrum Parking Facility (1,048 spaces) located between 11th and 12th Streets abutting “N” Street, in fall, 1978. Later renamed the Center Park Garage, it predominantly serves employees and students in downtown Lincoln.

In 1984, the City opened the Cornhusker Square Parking Facility (405 spaces) between “L” Street and “M” Street on 12th Street, to serve the newly constructed Cornhusker Hotel and the related Conference Center and Office Complex located on the same block. This garage primarily provides parking for hotel guests and employees of the office complex.

The University Square Garage (436 spaces), lying southwest of 14th and “P” Streets, opened in 1990 in conjunction with the redevelopment of an adjacent office building into residential condominiums, and included private retail space on the street level and a drive-in banking facility. Serving primarily office and retail employees and customers during the day, it also provides parking for entertainment patrons during evenings and weekends. Its close proximity to the University of Nebraska-Lincoln campus also encourages student parking.

In 1995, the City opened the Que Place Garage (773 spaces), between 11th and 12th Street abutting “Q” Street to provide parking for the nearby 2,000 seat Lied Center for the performing arts, the Embassy Suites Hotel (located directly west of the Garage and connected with a skywalk across 11th Street), and surrounding office, restaurant, and retail facilities. The garage provides parking primarily for students, employees and customers of nearby facilities during weekdays and restaurants, theaters, and approximately 130 annual Lied events during evenings and weekends.

The Carriage Park Garage (710 spaces), located between 11th and 12th Streets on “L” Street directly west of the Cornhusker Square Garage, was opened in 1996 to support an expanded Cornhusker Hotel Conference Center. The two garages are connected by a skywalk across 12th Street. Since the opening of Carriage Park Garage, redevelopment of the buildings on the north half of the same block has occurred, providing additional office space.

The Market Place Garage (433 spaces), located on the southwest corner at 10th and “Q” Streets, was completed in November, 2000. This garage is also connected to the Embassy Suites Hotel with a skywalk across 10th Street. In addition to the hotel, this garage is also in close proximity to the City’s historic Haymarket District and the University of Nebraska-Lincoln, and it supports hotel employees and guests (including conference guests), general office employees, students, and Haymarket customers and employees.

The Haymarket Garage (409 spaces), constructed in 2001, is located in the historic Haymarket District on the northwest corner of 9th and “Q” Streets. This facility supports Haymarket events, restaurants, customers, staff, and students due to its close proximity to the University of Nebraska-Lincoln.

The Larson Building & Garage (647 spaces), located between 13th and 14th Streets abutting “Q” Street, is a multi-use facility including 17,000 square feet of first-floor retail, six floors of City-operated parking, 52 units in the Parkhaus residential complex on the top three floors with a green roof. The \$31 million project was funded with \$14.5 million in private investment and \$16.5 million in public funding. Completed and dedicated in July 2012, the building supports the main retail corridor in downtown Lincoln, residents and monthly employees.

The following is a list of the garages, their size and location:

<u>Name</u>	<u>Location</u>	<u>Spaces</u>
Center Park Garage	1120 “N” Street	1,048
Cornhusker Square Garage	1220 “L” Street	405
University Square Garage	101 North 14th Street	436
Que Place Garage	1111 “Q” Street	773
Carriage Park Garage	1128 “L” Street	710
Marketplace Garage	10th and “Q” Streets	433
Haymarket Garage	848 “Q” Street	409
Larson Building & Garage	1317 “Q” Street	647

Management

The City's Urban Development Department is responsible for the management of its off-street parking facilities as well as the enforcement and maintenance of its on-street parking spaces. The City's Parking Manager is responsible for overseeing daily operations and maintenance, revenue, control, parking studies, projections for new development, management of design and construction of new facilities, financial projections and budgeting. The Department recently consolidated all parking-related areas in order to comprehensively manage on- and off-street parking, enforcement and violations processing.

Operations

Since 1978, the City has contracted with a private parking operator to provide daily operations and maintenance of the off-street garages and lots. The process includes issuing a request for proposals every four years. A selection committee appointed by the Mayor reviews the proposals, interviews some or all of the management companies which submit proposals, and makes a recommendation to the Mayor on the preferred company. A negotiating committee then enters into contract negotiation with the preferred company. If negotiations with the first choice are not successful, negotiations begin with the second choice. In August 2004, Republic Parking System began operating and managing the City's parking facilities under a contract which includes a flat fee for management services and reimbursement of expenses. There are approximately 60 Republic Parking System employees currently servicing the City.

In July 2010, the City re-branded the parking system and initiated a "first hour free" in all its facilities as part of a retail parking strategy in the downtown. The program provides a comprehensive approach to an outdated validation system and allows all downtown visitors the ability to use off-street parking. In its introductory months, the system saw an increase of 5,000 more visitors and to its off-street facilities per month while revenue remained the same.

Parking System Employee Information

David Landis	Director of Urban Development Department Age: 63 Years of Related Experience: 33 Years with the City of Lincoln: 4
Scott Vrbka	Interim City Parking Manager Age: 49 Years of related experience: 12 Years with the City of Lincoln: 16

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The following table provides information on annual totals of monthly and hourly customers in the City's garages:

Total Customers in City Garages

<u>Year to Date</u>	<u>Monthly Customers*</u>	<u>Hourly Customers**</u>
2004	N/A	655,739
2005	N/A	781,323
2006	3,860	781,178
2007	4,097	747,886
2008	4,200	N/A
2009	4,300	702,772
2009-10	4,800	722,881
2010-11	5,350	825,441
2011-12 (FY August 31)	5,955	829,202

*Monthly Billing Summary (YTD)

**Entry/Exit Report (YTD)

As of October 1, 2012, there were 1,026 names on waiting lists for parking within the City's existing garages, and the following is a list of major customers among all of the City garages.

Largest Monthly Lease Accounts

<u>Company</u>	<u>Leases</u>
Nelnet	1,259
Foundation for Educational Services	135
Parkhaus	126
University Towers	80
Swanson Russell	77

Largest Hourly Charge Account Customers

<u>Company</u>	<u>Annual Cost</u>
Cornhusker Hotel	\$52,230.00
Embassy Suites	25,985.00
UNL Office of Admissions	11,459.00

Parking Rates

The City's parking fees are set by its Urban Development Director. Current rates, and projected increases, are as follows:

Garages

Category	11/1/2005	8/31/2012
First Hour	\$1.00	FREE
Additional Hours	1.00	\$1.00
All Day Maximum	6.00	9.00
Regular Monthly	65.00	50.00-75.00
Reserved Monthly	75.00	65.00-85.00
Secured Monthly	80.00	90.00

On-Street

Category	11/1/2005	8/31/2012
Metered Spaces	\$.50	\$.50

Off-Street Parking Lots

Depot South Lot

Hourly (Meters)	\$ 0.50	\$ 0.50
Monthly	45.00	45.00

Lumberworks Lot (Under construction as of Sept 15, 2012 - for new garage)

Daily Rates	\$ 1.50	\$1.00/4 hours \$5.00/12 hours \$9.00 max
Monthly	45.00	\$45.00

Federal Garage

Event Rates	\$5.00	\$10.00
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State Garage

Event Rates		\$10.00
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UNL Football Game Days*

Garage	11/1/2005	8/31/2012 Online/Day-of-game
Center Park	\$ 8.00	\$13.00/\$15.00
University Square	8.00	16.00/20.00
Que Place	10.00	16.00/20.00
Carriage Park	8.00	13.00/15.00
Market Place	10.00	16.00/20.00
Depot South Lot	10.00	20.00
Larson Building	8.00	16.00/20.00
Lumberworks	8.00	20.00
Haymarket	10.00	16.00/20.00
Cornhusker	5.00	13.00/15.00

*Fees for single event/season pass as indicated for the garages

THE SERIES 2012 BONDS

General

The Series 2012 Bonds will be issued in fully registered, book-entry-only form. See “**THE SERIES 2012 BONDS - Book-Entry-Only System**” herein. The Series 2012 Bonds will be issued in denominations of \$5,000 or any integral multiple thereof, not exceeding the amount maturing in any one year, and will mature on the dates and in the amounts and bear interest at the rates as set forth on the inside cover of this Official Statement.

Wells Fargo Bank, National Association is bond registrar and paying agent (the “**Registrar**”) for the Series 2012 Bonds. The principal and interest due at maturity or upon prior redemption are payable upon presentation and surrender of the Series 2012 Bonds at the office of the Registrar. Interest due prior to maturity or earlier redemption is payable on February 15 and August 15 of each year, beginning February 15, 2013, by check or draft of the Registrar mailed directly to the persons who are the registered owners as of the close of business on the first day of the month in which such interest payment becomes due (the “**Record Date**”).

Optional Redemption

The Series 2012 Bonds maturing on or prior to August 15, 2022 are not subject to redemption prior to their stated maturities. The Series 2012 Bonds maturing on or after August 15, 2023 are redeemable prior to their stated date of maturity at the option of the City in whole or in part anytime on or after August 15, 2022 at a redemption price equal to 100% of the principal amount of the Series 2012 Bonds or portions thereof to be redeemed, together with accrued interest to the redemption date.

Mandatory Sinking Fund Redemption

The Series 2012 Bonds maturing August 15, 2032 are subject to redemption prior to maturity in part by lot by operation of a mandatory sinking fund on August 15 in each of the following years and in the following amounts, upon payment of the principal amount thereof plus accrued interest to such date of redemption, but without premium. Selection of any Series 2012 Bonds maturing August 15, 2032, or portions thereof to be redeemed shall be in the sole discretion of the Trustee.

Year (<u>August 15</u>)	Principal <u>Amount</u>
2028	\$520,000.00
2029	535,000.00
2030	555,000.00
2031	570,000.00
2032‡	585,000.00

‡Final Maturity

Notice of Redemption

A notice of redemption shall be mailed by first class mail by the Registrar not less than thirty (30) days prior to the redemption date, to each owner whose Series 2012 Bonds are called for redemption. Each notice of redemption shall state the distinguishing designation of the Series of Series 2012 Bonds to which such notice relates, the date of issue of such Series of Series 2012 Bonds, the redemption date, the redemption price, the place or places of redemption (including the name and address of the Registrar), the CUSIP number (if any) of the maturity, and, if less than all of such maturity, the distinctive certificate numbers of the Series 2012 Bonds of such maturity to be redeemed and, in the case of Series 2012 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Series 2012 Bonds the redemption price thereof or of said specified portion of the principal amount thereof in the case of a Series 2012 Bond to be redeemed in part only, together with interest accrued thereon to the date fixed for redemption, and that from and after such redemption date, interest thereon shall cease to accrue, and shall require that such Series 2012 Bonds be then surrendered at the address of the Registrar specified in the redemption notice. Any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the City nor the Registrar shall be liable for any inaccuracy in such numbers. Failure of any owner to receive notice or any defect in any such notice shall not affect the sufficiency of the proceedings for redemption.

Registration, Transfer and Exchange

As long as any of the Series 2012 Bonds shall remain outstanding, the City shall maintain and keep at the office of the Registrar an office or agency for the payment of the principal of and interest on the Series 2012 Bonds, and for the registration thereof, and shall also keep at said office of the Registrar books for such registration and transfer.

Upon surrender for transfer of any fully registered Series 2012 Bond at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its duly authorized attorney, and upon payment of any tax, fee or other governmental charge required to be paid with respect to such transfer, the City shall execute and the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more fully registered Series 2012 Bonds of

the same series, of any authorized denominations and of a like aggregate principal amount, interest rate and maturity.

Fully registered Series 2012 Bonds may, upon surrender thereof at the office of the Registrar, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of fully registered Series 2012 Bonds of the same series, maturity and interest rate of any authorized denominations.

In all cases in which the privilege of exchanging Series 2012 Bonds or transferring fully registered Series 2012 Bonds is exercised, the City shall execute and the Registrar shall authenticate and deliver Series 2012 Bonds in accordance with the provisions of the Bond Ordinance. For every such exchange or transfer of Series 2012 Bonds, the City or the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer.

As to any Series 2012 Bond, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal and the interest on any such Series 2012 Bond shall be made only to or upon the order of the registered owner thereof or its legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2012 Bond, including the interest thereon, to the extent of the sum or sums so paid.

Book-Entry-Only System

Generally The Series 2012 Bonds will initially be available in book entry form only in the principal amount of \$5,000 or any integral multiple thereof. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2012 Bonds, and the ownership of one fully registered Series 2012 Bond for each maturity, as set forth on the inside cover hereof, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as the nominee for DTC. Ownership interests in the Series 2012 Bonds will be available to purchasers only through a book entry system maintained by DTC. See “**APPENDIX E - BOOK-ENTRY-ONLY SYSTEM**” to this Official Statement.

Risk Factors Beneficial Owners (as defined in “**APPENDIX E - BOOK-ENTRY-ONLY SYSTEM**” to this Official Statement) of the Series 2012 Bonds may experience some delay in their receipt of distributions of the principal of, premium, if any, and interest on the Series 2012 Bonds since such distributions will be forwarded by the Registrar to DTC, from DTC to the DTC Participants (as defined in “**APPENDIX E - BOOK-ENTRY-ONLY SYSTEM**” to this Official Statement), and finally from the DTC Participants to the accounts of the Beneficial Owners of the Series 2012 Bonds.

Since transactions in the Series 2012 Bonds can only be effected through DTC and the DTC Participants, the ability of Beneficial Owners of Series 2012 Bonds to pledge Series 2012 Bonds to persons or entities that do not participate in the book entry system is restricted due to the lack of physical certificates. Beneficial Owners of Series 2012 Bonds will not be recognized by the Registrar as registered owners for purposes of the Bond Ordinance, and Beneficial Owners will be permitted to exercise the rights of registered owners only indirectly through DTC and the DTC Participants.

RATINGS

Moody’s Investors Service (“**Moody’s**”) has assigned the Series 2012 Bonds the rating of “A1” and Standard & Poor’s, a division of The McGraw-Hill Companies (“**S&P**”), has assigned the Series 2012 Bonds the rating of “A.” Such ratings reflect only the views of such organizations, and an explanation of

the significance of such ratings may be obtained from Moody's, 7 World Trade Center, 350 Greenwich Street, 23rd Floor, New York, New York 10007, telephone (212) 553-0300, and S&P, 55 Water Street, New York, New York, 10041, telephone (212) 438-2124.

Generally, rating agencies base their ratings on such information and materials and investigations, studies and assumptions furnished to and obtained and made by the rating agencies. The debt ratings are not a recommendation to purchase, sell or hold a security, inasmuch as they do not comment as to market price or suitability for a particular investor. There is no assurance that the above ratings will remain for any given period of time or that they may not be lowered, suspended or withdrawn entirely by either or both rating services if they deem circumstances are appropriate. Any downward change in, suspension or withdrawal of either or both ratings may have an adverse effect on the market price of the Series 2012 Bonds.

TAX MATTERS

The following is a summary of the material federal and State of Nebraska income tax consequences of holding and disposing of the Series 2012 Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2012 Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Nebraska, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2012 Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2012 Bonds.

Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under the law existing as of the issue date of the Series 2012 Bonds:

Federal and Nebraska Tax Exemption. The interest on the Series 2012 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Nebraska.

Alternative Minimum Tax. Interest on the Series 2012 Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

Bank Qualification. The Series 2012 Bonds have not been designated as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code.

Bond counsel's opinions are provided as of the date of the original issue of the Series 2012 Bonds, subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2012 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2012 Bonds in gross income for federal and Nebraska income tax purposes retroactive to the

date of issuance of the Series 2012 Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2012 Bonds but has reviewed the discussion under the heading “**TAX MATTERS.**”

Other Tax Consequences

Original Issue Discount. For federal income tax purposes, original issue discount (“**OID**”) is the excess of the stated redemption price at maturity of a Series 2012 Bond over its issue price. The issue price of a Series 2012 Bond is the first price at which a substantial amount of the Series 2012 Bonds of that maturity have been sold (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). Under Section 1288 of the Code, OID on tax-exempt bonds accrues on a compound basis. The amount of OID that accrues to an owner of a Series 2012 Bond during any accrual period generally equals (1) the issue price of that Series 2012 Bond, plus the amount of OID accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2012 Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Series 2012 Bond during that accrual period. The amount of OID accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner’s tax basis in that Series 2012 Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of OID.

Original Issue Premium. If a Series 2012 Bond is issued at a price that exceeds the stated redemption price at maturity of the Series 2012 Bond, the excess of the purchase price over the stated redemption price at maturity constitutes “premium” on that Series 2012 Bond. Under Section 171 of the Code, the purchaser of that Series 2012 Bond must amortize the premium over the term of the Series 2012 Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the owner’s basis in the Series 2012 Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2012 Bond prior to its maturity. Even though the owner’s basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

Sale, Exchange or Retirement of Series 2012 Bonds. Upon the sale, exchange or retirement (including redemption) of a Series 2012 Bond, an owner of the Series 2012 Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Series 2012 Bond (other than in respect of accrued and unpaid interest) and such owner’s adjusted tax basis in the Series 2012 Bond. To the extent a Series 2012 Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2012 Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Series 2012 Bonds, and to the proceeds paid on the sale of the Series 2012 Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner’s federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Series 2012 Bonds should be aware that ownership of the Series 2012 Bonds may result in collateral federal income tax

consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with “excess net passive income,” foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2012 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2012 Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2012 Bonds, including the possible application of state, local, foreign and other tax laws.

CONTINUING DISCLOSURE

Continuing Disclosure

The City is executing the Continuing Disclosure Undertaking for the benefit of the owners and Beneficial Owners of the Series 2012 Bonds and in order to assist the Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission (the “**Rule**”). The City is the only “obligated person” within the meaning of the Rule with responsibility for continuing disclosure. The City is current in its continuing disclosure reporting and is in compliance with all prior undertakings.

Annual Reports. Pursuant to the Continuing Disclosure Undertaking, the City shall, not later than **May 1** of each year, commencing May 1, 2013, provide to the Municipal Securities Rulemaking Board (“**MSRB**”) the following financial information and operating data (the “**Annual Report**”):

(a) The audited financial statements of the City, including the parking system, for the prior fiscal year, prepared in accordance with generally accepted accounting principles. If audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement relating to the Series 2012 Bonds, and the audited financial statements shall be filed in the same manner as the Annual Report promptly after they become available.

(b) Updates as of the end of the fiscal year of the financial information and operating data relating to the City contained in **APPENDIX A** of this Official Statement in substantially the same format contained in this Official Statement, together with the information under the following headings in this Official Statement:

Total Customers in City Garages
Largest Monthly Lease Accounts
Largest Hourly Charge Account Customers

Material Event Notices. Pursuant to the Continuing Disclosure Undertaking, not later than 10 business days after the occurrence of any of the following events, the City shall also give, or cause a dissemination agent to give, notice of the occurrence of any of the following events with respect to the Series 2012 Bonds (“**Material Events**”):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;

- (6) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2012 Bonds, or other material events affecting the tax status of the Series 2012 Bonds;
- (7) modifications to rights of bondowners, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Series 2012 Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the City;
- (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material.

If the City has not submitted the Annual Report to the MSRB by the date specified above, the City shall send a notice to the MSRB of the failure of the City to file the Annual Report on a timely basis, which notice shall be given by the City in accordance with the above procedures.

The City may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Continuing Disclosure Undertaking, and may discharge any such dissemination agent, with or without appointing a successor dissemination agent. The dissemination agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to the Continuing Disclosure Undertaking.

Notwithstanding any other provision of the Continuing Disclosure Undertaking, the City and any dissemination agent may amend the Continuing Disclosure Undertaking (and such dissemination agent shall agree to any amendment so requested by the City) and any provision of the Continuing Disclosure Undertaking may be waived, provided Bond Counsel or other counsel experienced in federal securities law matters provides the City and any dissemination agent with its opinion that the undertaking of the City, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to the Continuing Disclosure Undertaking.

In the event of a failure of the City or any dissemination agent to comply with any provision of the Continuing Disclosure Undertaking, any owner or Beneficial Owner of the Series 2012 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City or any dissemination agent, as the case may be, to comply with its obligations under the Continuing Disclosure Undertaking. A default under the Continuing Disclosure Undertaking shall not be deemed an event of default under the Ordinance, and the sole remedy under the Continuing Disclosure Undertaking in the event of any failure of the City or any dissemination agent to comply with the Continuing Disclosure Undertaking shall be an action to compel performance.

Electronic Municipal Market Access System (EMMA). All Annual Reports and notices of Material Events required to be filed by the City or the dissemination agent pursuant to the Continuing Disclosure Undertaking must be submitted to the MSRB through the MSRB's Electronic Municipal Market Access system ("EMMA"). EMMA is an internet-based, online portal for free investor access to municipal bond information, including offering documents, material event notices, real-time municipal securities trade prices and MSRB education resources, available at www.emma.msrb.org. Nothing contained on EMMA relating to the City or the Series 2012 Bonds is incorporated by reference in this Official Statement.

LITIGATION

There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2012 Bonds or questioning or affecting the validity of the Series 2012 Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization or existence of the City, nor the title of the members of the Council of the City or other officers of the City to their respective offices is being contested or questioned.

There is no litigation pending which in any manner questions the right of the City to pass the Bond Ordinance pursuant to which the Series 2012 Bonds are being issued.

UNDERWRITING

Ameritas Investment Corp. (the "Underwriter") has agreed, subject to certain customary closing conditions, to purchase the Series 2012 Bonds at an aggregate purchase price of \$12,317,478.65 (equal to the par amount of the Bonds plus net original issue premium in the amount of \$346,198.65 and less Underwriter's discount of \$108,720.00), and to make a public offering of the Series 2012 Bonds at not in excess of the public offering prices or less than the yields set forth on the cover page of this Official Statement. The Underwriter will be obligated to purchase all such Series 2012 Bonds if any such Series 2012 Bonds are purchased. The Series 2012 Bonds may be offered and sold to certain dealers at prices lower than such public offering prices, and such public offering prices may be changed from time to time by the Underwriter.

INDEPENDENT AUDITORS

The financial statements and schedules of the Facilities for the years ended August 31, 2011 and 2010, included in "APPENDIX C – FINANCIAL STATEMENTS" to this Official Statement, have been audited by BKD LLP, independent auditors, as stated in their report appearing herein. The City did not request BKD, LLP to perform any updating procedures subsequent to the date of its audit report on the August 31, 2011 and 2010 financial statements.

LEGAL MATTERS

All legal matters incident to the authorization and issuance of the Series 2012 Bonds are subject to the approval of Bond Counsel. Certain legal matters will be passed on by Rodney M. Confer, City Attorney. Bond Counsel has participated in the preparation of this Official Statement, but the factual and financial information appearing herein has been supplied or reviewed by certain officials of the City and certified public accountants, as referred to herein, and Bond Counsel expresses no opinion as to the accuracy or sufficiency thereof except for the information under "THE SERIES 2012 BONDS," "LEGAL MATTERS" and "TAX MATTERS."

MISCELLANEOUS

All estimates and assumptions herein have been made on the basis of the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates or assumptions are current or will be realized. So far as any statements herein involve matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

The information set forth in this Official Statement should not be construed as representing all of the conditions affecting the City, the System or the Series 2012 Bonds.

This Official Statement is issued by the City.

THE CITY OF LINCOLN, NEBRASKA

By: /s/ Steve Hubka
Interim Finance Director

APPENDIX A

CITY OF LINCOLN, NEBRASKA

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THE CITY OF LINCOLN

General

Lincoln, the capital of Nebraska, is located in southeastern Nebraska near the center of population of the state. The City was originally incorporated in 1869. It is approximately midway between Chicago and Denver. It has an area of 90.85 square miles, and in its growth and development has annexed five other municipalities so that the City includes most of the urban area of Lancaster County. It enjoys a unique position in Nebraska as the center of the state governmental and educational activities.

Population

The 1980 population of the City was 171,932; the 1990 population was 191,972; the 2000 population was 225,588; and the 2010 population was 258,379, a 14.5 percent increase over the 2000 count. The 2010 count represents 90.5 percent of the population of Lancaster County, the county in which the City is located.

City Government

The City, operating under a home rule charter, has a mayor-council form of government with an elected full-time chief executive, the Mayor, and an elected legislative body, the Council, composed of seven members. Three are elected at large and four by district on a nonpartisan basis for a term of four years. The administration of City government is performed under the direction of the Mayor by administrative departments.

City government has a broad range of responsibilities, including electric, water, and sanitary sewer systems, and an impressive park and playground system of over 6,503 acres maintained for public use, nine public swimming pools, and five public golf courses. The City has cooperated actively with the county government in several joint governmental buildings, and in other specific areas of responsibility, including health, planning, civil defense, data processing, tax collection, parks, and jail facilities. There are cooperative agreements with the United States government on parks and flood control, with the University of Nebraska on planning and property transfer, with the area Watershed District on flood control, and with the Lincoln School District on recreation.

Transportation

The Lincoln metropolitan area is served by Interstate 80, and U.S. Highways 2, 6, 34, and 77.

Lincoln is served by two commercial airports with daily shuttle service available between locations. The Lincoln Municipal Airport is located less than 10 minutes from downtown and has daily departures to Chicago, Denver, Detroit, and Minneapolis. Eppley Airfield, located in east Omaha, is 65 minutes from downtown Lincoln and offers service from multiple airlines. Together the two airports offer more than 100 arrivals and departures daily. The Lincoln Municipal Airport also offers General Aviation services. The General Aviation runway is 8,649 feet long, and the runway is lit dusk to dawn.

Railroad transportation facilities include those of Burlington Northern/Santa Fe, Union Pacific, and AMTRAK. Ground transportation is furnished by Greyhound/Black Hills Stage Lines and local StarTran bus services.

Government Center

The State Capitol, an architectural achievement located in Lincoln, is considered one of the most impressive in all the 50 states. Other state governmental facilities in the City include the Nebraska Educational Telecommunications facility, the Nebraska Game and Parks Commission headquarters, the Lincoln Regional Center (state hospital), and the Nebraska Penal Complex.

Federal agencies in Lincoln include regional offices of the U.S. Department of Agriculture (Mid-West Regional Technical Service Center), the Immigration & Naturalization Service and the Veterans Administration, as well as the state offices of other federal agencies. There is also a U.S. Veterans Medical Facility.

Lancaster County offices are also located in Lincoln, the county seat.

Education

The University of Nebraska, with approximately 24,000 students, Nebraska Wesleyan University, with approximately 2,100 students, Union College, with approximately 900 students, Kaplan University, with approximately 930 students and Southeast Community College, with approximately 10,300 students and with a number of facilities for both full-time and part-time occupational training, are located in the City of Lincoln. The City's modern and progressive school system, with an enrollment of over 35,000 is served by 6 high schools, 11 middle schools, and 37 elementary schools. Lincoln is home to nearly 30 private and parochial schools. Lincoln's private school offerings range from pre-K to high school institutions. Affiliations include Roman Catholic, Lutheran, SDA, and nondenominational Christians.

Building Permits and Property Values

LAST TEN YEARS

FISCAL YEAR	COMMERCIAL 1 CONSTRUCTION		RESIDENTIAL 1 CONSTRUCTION		PROPERTY VALUE 2		TOTALS
	# PERMITS	VALUE	# PERMITS	VALUE	COMMERCIAL	RESIDENTIAL	
2011	1,320	\$ 223,215,672	2,336	\$ 155,181,140	\$ 4,477,256,519	\$ 10,648,151,681	\$ 15,125,408,200
2010	1,234	241,509,266	2,225	116,914,465	4,438,463,100	10,546,474,527	14,984,937,627
2009	1,196	199,331,086	1,794	104,316,385	4,382,749,195	10,839,440,027	15,222,189,222
2008	1,064	274,267,477	2,261	149,678,215	4,246,365,596	10,723,170,809	14,969,536,405
2007	994	293,968,408	2,820	202,786,768	4,236,340,817	10,402,515,684	14,638,856,501
2006	1,088	263,006,153	3,150	195,885,622	3,814,534,869	9,083,290,211	12,897,825,080
2005	1,092	204,677,969	3,387	277,158,200	3,694,097,147	8,727,702,573	12,421,799,720
2004	1,061	258,670,339	3,846	321,126,701	3,598,787,015	8,402,403,364	12,001,190,379
2003	1,036	269,298,229	3,913	315,662,242	3,094,988,486	7,255,640,292	10,350,628,778
2002	1,013	245,476,386	3,405	262,293,941	2,855,200,333	7,048,688,380	9,903,888,713

¹ City of Lincoln, Building and Safety Department.

² Lancaster County Assessor.

Police and Fire Protection

Lincoln has fourteen fire stations manned by 283 firefighters and three police stations with 321 police officers.

City Employee Information

For the 2011-2012 fiscal year, contracts have been signed with all of our unions. Unions include: the Lincoln Police Union (LPU) representing police officers; the International Association of Firefighters (IAF) representing firefighters, the Amalgamated Transit Union (ATU) representing transit workers, the Public Association of Government Employees (PAGE) representing labor, trades, and clerical personnel, the City Employees Association (CEA) representing supervisory, highly technical, and professional personnel, and the Lincoln M Class Employees Association (LMCEA) representing upper management, administration and professional personnel. All contracts expire at the end of August, 2012.

Since the inception of labor contracts in 1970, the City of Lincoln has been able to handle its labor relations in such a manner as to avoid interruptions, although it has been necessary to use the facilities of the Nebraska Commission of Industrial Relations on issues involving the International Association of Firefighters, International Brotherhood of Police Officers, and the Public Association of Government Employees.

SELECTED ECONOMIC INDICATORS

LINCOLN SMSA (LANCASTER COUNTY) NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT

	MAY 31, 2011		NOVEMBER 30, 2011	
	Number Employed	Percent of Total	Number Employed	Percent of Total
Industry Manufacturing:				
Durable Goods	8,130	4.6	8,064	4.5
Nondurable Goods	4,833	2.8	4,768	2.7
Total Industry Manufacturing	<u>12,963</u>	<u>7.4</u>	<u>12,832</u>	<u>7.2</u>
Nonmanufacturing:				
Natural Resource & Construction	6,621	3.8	6,493	3.7
Transportation, Communications & Utilities	10,491	6.0	10,711	6.0
Wholesale Trade	4,028	2.3	4,150	2.3
Retail Trade	18,370	10.5	19,346	10.9
Information	2,130	1.2	2,184	1.3
Finance, Insurance & Real Estate	13,327	7.6	13,354	7.5
Services (except domestic)	67,979	38.8	69,100	39.1
Government	39,201	22.4	38,948	22.0
Total Nonmanufacturing	<u>162,147</u>	<u>92.6</u>	<u>164,286</u>	<u>92.8</u>
TOTAL	<u><u>175,110</u></u>	<u><u>100.0</u></u>	<u><u>177,118</u></u>	<u><u>100.0</u></u>

Lincoln is proud to have some of the nation's leading industrial companies as local employers, including Goodyear Tire and Rubber Company, Burlington Northern Railroad, Archer-Daniels-Midlands Company, Kawasaki Motors Corporation USA, and Square D.

LINCOLN SMSA (LANCASTER COUNTY LABOR FORCE DATA 2011-2002) (For the Calendar Year Indicated)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Civilian Labor Force	160,683	157,933	159,298	159,943	157,887	157,632	157,999	158,444	156,940	153,021
Unemployment	6,130	6,802	7,015	4,899	4,462	4,592	5,643	5,346	5,841	5,007
Percent of Labor Force	3.8	4.3	4.4	3.1	2.8	2.9	3.6	3.4	3.7	3.3
Employment	154,553	151,130	152,283	155,044	153,425	153,040	152,355	153,098	151,100	148,013

STATE OF NEBRASKA

Percent of Labor Force										
Unemployment	4.2	4.7	4.7	3.3	3.0	3.2	3.9	3.8	3.8	3.6

Source: State of Nebraska, Department of Labor

**DEMOGRAPHIC STATISTICS
LAST TEN YEARS**

<u>Year</u>	<u>Population 1</u>	<u>Per Capita Personal Income 2</u>	<u>School Enrollment 3</u>
2011	258,379	\$	36,530
2010	254,001		35,896
2009	251,624	37,361	34,973
2008	248,744	37,990	34,061
2007	241,167	36,838	33,466
2006	239,213	35,441	32,934
2005	238,625	33,799	32,505
2004	236,146	33,024	32,270
2003	235,565	32,098	31,889
2002	231,800	31,208	31,867

Sources:

1 Lincoln/Lancaster Planning Department.

2 U.S. Dept. of Commerce Bureau of Economic Analysis.

Per Capital Income is based on Lincoln Metropolitan Statistical Area, which includes all of Lancaster and Seward Counties

Per Capita Income for 2010 and 2011 is unavailable.

3 Lincoln Public Schools.

Median age from the 2010 census was 31.8. Education statistics per the 2010 Census indicate that 92.4% of the population 25 years and older has a high school degree or greater with 35.2% of the same population holding a Bachelor's degree or greater.

**LINCOLN UTILITY CUSTOMERS LAST
TEN YEARS**

<u>Year</u>	<u>Water Customers</u>	<u>Gas Customers</u>	<u>Electricity Customers</u>
2011	79,184	94,231	128,373
2010	78,740	93,916	129,322
2009	77,973	93,679	128,115
2008	77,532	93,419	126,978
2007	76,816	93,301	124,878
2006	75,919	92,824	123,376
2005	74,649	92,152	121,508
2004	73,059	91,046	119,456
2003	72,260	89,642	116,974
2002	69,704	89,085	114,388

Source: Indicated Utility Companies

SELECTED FINANCIAL STATISTICS

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION ¹ LAST TEN FISCAL YEARS

Fiscal Year	General Government	Public Safety	Streets And Highways	Culture And Recreation	Economic Opportunity	Health And Welfare	Mass Transit	Debt Service	Totals
2011	\$ 36,622,362	69,537,057	18,335,078	21,794,585	15,811,914	21,993,415	15,088,883	26,439,462	225,622,756
2010	35,865,006	64,679,523	19,832,223	21,483,873	15,359,628	21,652,729	12,034,413	17,032,401	207,939,796
2009	34,428,477	63,984,484	16,445,304	22,449,569	11,321,242	20,349,757	9,575,670	16,990,105	195,544,608
2008	35,278,575	61,147,903	16,482,240	21,686,564	14,685,668	21,053,132	10,707,601	14,427,795	195,469,478
2007	33,946,258	60,953,651	17,430,452	21,719,544	11,670,315	20,378,863	14,877,357	11,589,720	192,566,160
2006	34,666,641	60,064,604	16,928,575	20,938,212	12,623,307	25,566,267	8,901,327	11,016,269	190,705,202
2005	32,532,685	58,669,932	17,064,845	21,669,847	14,870,592	19,126,931	8,306,921	10,562,993	182,804,746
2004	30,884,544	55,272,920	13,633,902	22,308,940	14,728,510	18,544,667	10,525,090	7,914,521	173,813,094
2003	28,938,852	50,933,285	12,317,663	19,935,823	16,469,645	17,614,751	7,996,019	8,507,223	162,713,261
2002	27,237,134	49,913,169	10,833,055	16,974,798	14,017,601	17,989,603	12,691,837	7,411,878	157,069,075

¹ Includes General, Special Revenue, and Debt Service Funds.

GENERAL REVENUES BY SOURCE ¹ LAST TEN FISCAL YEARS

Fiscal Year	Taxes And Special Assessment	Inter-Governmental	Permits And Fees	Reimbursement For Services	Investment Earnings	Other	Totals
2011	\$ 144,632,640	71,532,824	18,524,372	7,521,366	5,454,877	11,279,552	258,945,631
2010	131,562,303	61,640,301	16,432,219	7,004,334	5,197,259	6,467,138	228,303,554
2009	130,360,416	75,099,973	17,119,002	6,600,299	5,791,391	7,818,015	242,789,096
2008	130,094,818	73,830,720	18,013,104	6,511,457	6,806,258	7,667,778	242,924,135
2007	125,328,388	63,928,043	19,126,239	6,491,112	10,371,565	7,052,107	232,297,454
2006	121,857,986	60,757,501	18,423,079	7,063,192	4,082,196	7,886,377	220,070,331
2005	119,318,079	63,180,171	16,535,049	6,936,334	4,327,311	12,028,417	222,325,361
2004	114,756,962	58,619,699	15,593,326	6,322,870	5,207,711	10,188,520	210,689,088
2003	107,114,577	52,773,424	12,679,623	6,097,336	4,353,336	8,234,138	191,252,434
2002	105,139,052	59,029,609	12,449,879	5,605,557	4,606,825	10,325,634	197,156,556

¹ Includes General, Special Revenue, and Debt Service Funds.

**SPECIAL ASSESSMENT COLLECTIONS
LAST TEN YEARS ¹**

Fiscal Year Ended <u>August 31</u>	Special Assessment Collections <u>Including Interest</u>
2011	\$ 1,103,720
2010	1,136,150
2009	1,071,238
2008	1,418,936
2007	1,448,146
2006	1,667,037
2005	1,413,582
2004	2,104,925
2003	1,814,191
2002	1,867,653

¹ Special assessment collections are not tracked by levy year, therefore the portion of collections during any year that apply to any particular levy cannot be determined.

Authority to Levy Taxes

Article IX, Section 3 of the Home Rule Charter of the City provides that the City shall have power to levy a tax each year for general revenue purposes upon all property subject to taxation; provided that the maximum amount of taxes that can be levied by the City in any one year for general revenue purposes shall not exceed an amount known as the City tax limit. The City tax limit is a tax ceiling established by using the September 1, 1966 City dollar tax limit as an initial tax limit, and increasing that tax limit each year following 1966 by 7% so that in each fiscal year thereafter, the amount of the City tax limit shall be the amount of the city tax limit for the previous year, plus 7% thereof. In addition, the City also has the power to levy taxes each year sufficient to pay any judgment existing against the City and the interest on bonded debt and the principal on any bonded debt maturing during the fiscal year or within six months thereafter, as well as taxes authorized by state law. The City is also authorized to receive all taxes collected and distributed pursuant to state law and in lieu of tax payments imposed by law. The 2011 tax levy for the 2011-2012 fiscal year is \$100,174,806 below the legal limit, a tax rate per \$100 valuation of .31580. The assessed value upon which the 2011 levy is based is \$15,900,828,813. By charter, only 90% of the property tax levy may be appropriated.

For the 2011-2012 fiscal year the City is subject to a state imposed lid on the appropriation of "restricted funds", that are revenues received from property tax, sales tax, state aid, in-lieu of tax and highway allocation fees. Bonded indebtedness, capital improvements, and costs associated with inter local agreements are exempt from the lid. For 2011-2012 the City can also use authority equal to the greater of 2.5% or the amount of real growth in the tax base that was .12%. An additional 1% can be authorized by a 75% vote of the City Council but was not utilized for the 2011-2012 budget. The 2011-2012 budget is approximately \$18.3 million below the state imposed lid limit.

**PROPERTY TAX LEVIED AND COLLECTED
LAST TEN YEARS**

The fiscal year of the City begins September 1 and ends August 31. Taxes are levied in October. First installments of real estate taxes are delinquent the following April 1, second installments delinquent August 1; personal property taxes are delinquent April 1 and August 1. Delinquent taxes bear 14 percent interest. The figures below include interest and penalties. The figures below do not include motor vehicle in lieu of ad valorem taxes.

Tax Year	Taxes Levied	Collected As Of August 31		Accumulated Collections As Of August 31, 2011	
		Amount	Percent	Amount	Percent
2011	\$ 45,718,972	\$ 44,206,917	96.69 %	\$ 44,206,917	96.69 %
2010	45,197,040	\$ 43,791,366	96.89	45,170,841	99.94
2009	45,884,670	44,385,970	96.73	45,867,726	99.96
2008	45,052,028	43,526,689	96.61	45,039,392	99.97
2007	43,291,440	41,815,295	96.59	43,284,921	99.98
2006	40,930,818	39,549,553	96.63	40,927,221	99.99
2005	38,755,995	37,488,504	96.73	38,749,283	99.98
2004	36,994,112	35,696,288	96.49	36,902,819	99.75
2003	35,007,926	33,648,496	96.12	34,916,463	99.74
2002	33,731,282	32,482,000	96.30	33,720,019	99.97

TEN LARGEST TAXPAYERS

Listed below are the ten largest taxpayers in the City of Lincoln as reported by the County Assessor. These taxpayers each pay less than five percent of the total taxes levied.

Taxpayers	Type of Business	2011 Assessed Valuations	Percentage Of Total Assessed Valuation
B & J Partnership Ltd.	Building Management	\$ 78,862,600	0.50%
Burlington Northern	Railroad	71,668,442	0.45%
Kawasaki	Manufacturing	70,126,972	0.44%
Ameritas Life Insurance Corp	Insurance	61,017,194	0.38%
WEA Gateway LLC	Retail Management	56,997,083	0.36%
BryanLGH	Hospital	53,953,361	0.34%
Pfizer	Animal Health	47,060,705	0.30%
NebcO	Construction/Development	46,160,673	0.29%
Chateau Van Dorn LLC	Real Estate Development	45,364,619	0.29%
Black Hills Utility Holdings	Gas Utility	45,124,751	0.28%
		\$ 576,336,400	3.63%

CITY SALES TAX INFORMATION

The City had a one percent (1%) sales and use tax through June 30, 1985. Effective July 1, 1985 the sales and use tax was raised to one and one half percent (1.5%). These taxes are administered and collected for the City by the State of Nebraska. The State receives three percent (3%) for their service. The City has had a sales tax since 1969.

**SALES AND USE TAX COLLECTIONS
LAST TEN YEARS**

Year Ended August 31	Amount
2011	\$ 57,959,545
2010	54,925,013
2009	54,255,376
2008	55,733,297
2007	53,960,485
2006	54,270,346
2005	53,781,209
2004	51,869,477
2003	48,657,268
2002	45,393,491

**GENERAL FUND TAX COLLECTIONS
LAST TEN YEARS**

Fiscal Year	Property and Motor Vehicle Taxes	Sales and Use Taxes	Sundry Taxes	Taxes In Lieu	Occupation Taxes	Total
2011	\$ 31,449,267	57,959,545	30,957	1,755,098	11,699,691	102,894,558
2010	31,486,553	54,925,013	11,895	1,620,431	10,467,534	98,511,426
2009	33,783,984	54,255,376	8,143	1,540,752	10,071,230	99,659,485
2008	32,181,660	55,733,297	18,600	1,511,404	9,670,060	99,115,021
2007	31,454,763	53,960,485	10,492	1,399,939	9,596,588	96,422,267
2006	28,366,526	54,270,346	9,526	1,315,038	8,936,502	92,897,938
2005	26,727,618	53,781,209	12,445	1,159,742	9,169,791	90,850,805
2004	24,546,532	51,869,477	9,263	1,144,747	9,037,781	86,607,800
2003	22,780,085	48,657,268	10,876	1,199,507	8,831,712	81,479,448
2002	23,353,414	45,393,491	8,403	1,163,468	9,097,442	79,016,218

**TAXABLE ASSESSED VALUATION
LAST TEN YEARS ¹**

Tax Year	Real Estate	All Other	Total
2011	\$ 15,125,408,200	755,852,220	15,881,260,420
2010	14,984,937,627	761,515,955	15,746,453,582
2009	15,222,189,222	713,383,515	15,935,572,737
2008	14,969,536,405	684,390,085	15,653,926,490
2007	14,638,856,501	703,307,287	15,342,163,788
2006	12,897,825,080	685,425,215	13,583,250,295
2005	12,421,799,720	716,716,506	13,138,516,226
2004	12,001,190,379	742,915,013	12,744,105,392
2003	10,350,628,778	779,959,389	11,130,588,167
2002	9,903,888,713	820,797,124	10,724,685,837

¹Property is assessed at actual value; therefore, the assessed values are equal to actual value.

**TOTAL PROPERTY TAX LEVIES
ALL OVERLAPPING GOVERNMENTS
LAST TEN YEARS ¹**

	Tax Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
City of Lincoln	0.2879	0.2879	0.2879	0.2879	0.2833	0.3009	0.2950	0.2903	0.3145	0.3145
School District No. 1	1.2462	1.2537	1.2668	1.2719	1.2764	1.3142	1.3141	1.3011	1.2830	1.2732
Lancaster County	0.2683	0.2683	0.2683	0.2755	0.2655	0.2841	0.2797	0.2683	0.2683	0.2583
Educational Service Unit #18	0.0145	0.0150	0.0150	0.0141	0.0141	0.0150	0.0150	0.0150	0.0150	0.0150
Community Technical College	0.0600	0.0676	0.0722	0.0689	0.0689	0.0696	0.0655	0.0655	0.0655	0.0636
Lower Platte South Natural Res. Dist.	0.0406	0.0410	0.0410	0.0418	0.0416	0.0422	0.0323	0.0323	0.0359	0.0365
Railroad Transportation Safety Dist.	0.0260	0.0260	0.0260	0.0260	0.0246	0.0260	0.0260	0.0248	0.0220	0.0221
Lancaster County Correctional JPA City	0.0189	0.0194	0.0195	-	-	-	-	-	-	-
Lancaster County Correctional JPA County	0.0106	0.0107	0.0106	-	-	-	-	-	-	-
Agricultural Society of Lancaster County	0.0017	0.0016	0.0015	0.0016	0.0016	0.0018	0.0020	0.0030	0.0012	0.0024
Lancaster County Fairgrounds	0.0038	0.0038	0.0038	0.0043	0.0037	0.0042	0.0042	0.0043	0.0050	0.0052
Public Building Commission	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170
	<u>1.9955</u>	<u>2.0120</u>	<u>2.0296</u>	<u>2.0090</u>	<u>1.9967</u>	<u>2.0750</u>	<u>2.0508</u>	<u>2.0216</u>	<u>2.0274</u>	<u>2.0078</u>

¹The assessment rate is 100% of market and the levy is expressed as the tax per \$100 of estimated market value.

DEBT MANAGEMENT
OUTSTANDING INDEBTEDNESS AS OF AUGUST 31, 2011
Long-term debt is comprised of the following individual issues (in thousands of dollars):

Original Amount	Issued	Issue	Interest Rate	When Due	Date Callable	Interest Date	Outstanding	
General Obligation Bonds:								
General Bonds:								
8,220	03/01/99	Various Purpose Series B	3.000 - 4.250	Serial 1999 to 2011	2007	Semiannually	\$ 260	
15,595	07/08/03	Various Purpose	2.625 - 3.750	Serial 2004 to 2017	2013	"	5,215	
3,710	07/08/03	Various Purpose	4.000 / 4.125	Term 2020 & 2023	2013	"	3,710	
9,950	06/15/05	Storm Sewer Construction	3.250 - 4.250	Serial 2006 to 2025	2015	"	7,660	
8,295	06/27/07	Stormwater Drainage and Flood Mgmt	4.625 - 5.000	Serial 2008 to 2027	2017	"	7,265	
8,200	02/10/11	Stormwater Bonds	2.000 - 4.500	Serial 2013 to 2030	2020	"	8,200	
19,290	06/21/11	Refunding	0.2000 - 5.000	Serial 2011 to 2022	2019	"	19,290	
Total General Bonds							\$ 51,600	
Tax Allocation Bonds:								
1,035	04/21/04	Tax Allocation Bonds	2.000 - 3.200	Serial 2004 to 2011	2008	Semiannually	160	
5,500	04/21/04	Tax Allocation Bonds	3.000 - 4.800	Serial 2004 to 2015	2010	"	2,880	
365	08/15/05	Tax Allocation Bonds	4.750	Serial 2006 to 2018	Anytime	"	216	
288	10/01/06	Tax Allocation Bonds	5.100	Serial 2008 to 2016	Anytime	"	188	
2,205	04/05/07	Tax Allocation Bonds	5.000 - 5.550	Serial 2009 to 2018	2012	"	1,845	
601	06/01/07	Tax Allocation Bonds	5.240	Serial 2008 to 2018	Anytime	"	561	
388	06/01/07	Tax Allocation Bonds	5.240	Serial 2007 to 2020	Anytime	"	300	
369	06/15/07	Tax Allocation Bonds	5.400	Serial 2007 to 2014	Anytime	"	190	
42	07/15/08	Tax Allocation Bonds	4.660	Serial 2009 to 2021	Anytime	"	37	
71	07/15/08	Tax Allocation Bonds	4.660	Serial 2009 to 2017	Anytime	"	63	
474	07/15/08	Tax Allocation Bonds	4.660	Serial 2009 to 2022	Anytime	"	332	
547	08/01/08	Tax Allocation Bonds	4.610	Serial 2009 to 2022	Anytime	"	469	
200	08/01/08	Tax Allocation Bonds	4.610	Serial 2009 to 2022	Anytime	"	170	
611	06/30/09	Tax Allocation Bonds	7.00	Serial 2011 to 2023	Anytime	"	609	
3,375	07/28/09	Tax Allocation Bonds	2.500 - 6.400	Serial 2011 to 2023	Anytime	"	3,375	
263	04/01/11	Tax Allocation Bonds	3.990	Serial 2011 to 2022	Anytime	"	263	
Total Tax Allocation Bonds							\$ 11,658	
Tax Supported Bonds:								
35,000	03/17/04	Highway Allocation Fund	2.000 - 5.000	Serial 2007 to 2023	2014	Semiannually	31,965	
27,000	12/05/06	Highway Allocation Fund	4.000 - 5.000	Serial 2008 to 2027	2016	"	23,240	
Total Tax Supported Bonds							\$ 55,205	
Special Assessment Bonds:								
825	08/18/11	Special Assessment	0.400 - 3.700	Serial 2012 to 2026		Semiannually	825	
375	08/18/11	Special Assessment	4.200	Term 2031		"	375	
Total Special Assessment Bonds							\$ 1,200	
West Haymarket Joint Public Agency								
31,515	09/08/10	Facility Bonds Taxable Build America Bonds	3.500 - 4.45	Serial 2020 to 2030	Anytime	Semiannually	31,515	
68,485	09/08/10	Facility Bonds Taxable Build America Bonds	4.750 / 5.000	Term 2035 & 2045	Anytime	"	68,485	
15,785	12/01/10	Facility Bonds Taxable Build America Bonds	4.000 - 5.000	Serial 2030 - 2025	Anytime	"	15,785	
52,180	12/01/10	Facility Bonds Taxable Build America Bonds	5.400 / 5.800 / 6.000	Term 2030 2035 2039	Anytime	"	52,180	
32,035	12/01/10	Recovery Zone Economic Development	6.750	Term 2045	Anytime	"	32,035	
44,290	08/24/11	Facility Bonds	3.500 - 5.000	Serial 2021 to 2032	2021	"	44,290	
55,710	08/24/11	Facility Bonds	4.250 / 5.000	Term 2036 & 2042	2021	"	55,710	
Total West Haymarket Joint Public Agency							\$ 300,000	
TOTAL GENERAL OBLIGATION BONDS								\$ 419,663
Tax Supported Bonds:								
11,080	3/13/02	Antelope Valley Project	1.500 - 5.000	Serial 2002 to 2016	2012	Semiannually	\$ 5,920	
Revenue Bonds:								
39,235	07/31/03	Wastewater Revenue	2.000 - 5.000	Serial 2004 to 2023	2013	Semiannually	\$ 26,350	
15,765	07/31/03	Wastewater Revenue	4.625 / 5.000	Term 2025 & 2028	2013	"	15,765	
18,000	08/03/05	Wastewater Revenue	4.000 - 5.000	Serial 2006 to 2030	2015	"	15,000	
16,710	04/18/07	Wastewater Revenue	4.000 - 4.500	Serial 2008 to 2029	2017	"	14,760	
3,750	04/18/07	Wastewater Revenue	4.375	Term 2032	2017	"	3,750	
Total Wastewater Bonds							\$ 75,625	
11,850	11/22/02	Water Revenue	2.750 - 5.000	Serial 2005 to 2017	2012	Semiannually	6,180	
6,660	11/22/02	Water Revenue	5.000	Term 2022	2012	"	6,660	
32,180	05/01/03	Water Revenue	5.000	Serial 2004 to 2012	-	"	2,630	
40,000	11/16/04	Water Revenue	3.000 - 5.000	Serial 2005 to 2025	2014	"	33,030	
10,515	08/04/09	Water Revenue	2.000 - 4.125	Serial 2013 to 2029	2019	"	10,515	
4,905	08/04/09	Water Revenue	4.5000	Term 2034	2019	"	4,905	
Total Water Bonds							\$ 63,920	
4,360	12/18/01	Parking Revenue	3.750 - 5.000	Serial 2002 to 2017	2011	"	1,935	
1,640	12/18/01	Parking Revenue	5.125	Term 2021	2011	"	1,640	
2,065	12/29/10	Parking Revenue	1.250 - 2.850	Serial 2011 to 2014	N/A	"	1,760	
10,775	01/27/11	Parking Revenue and Refunding	5.000 / 5.125 / 5.500	Term 2026 & 2031	2021	"	10,775	
Total Parking Bonds							\$ 23,855	
4,000	08/17/06	Solid Waste Management Revenue	4.000 - 4.250	Serial 2007 to 2021	2013	Semiannually	\$ 3,020	
148,190	10/01/02	Electric Revenue and Refunding Bonds	4.000 - 5.000	Serial 2004 to 2025	2012	"	81,660	
93,045	10/01/03	Electric Revenue and Refunding Bonds	3.000 - 5.000	Serial 2004 to 2026	2014	"	78,200	
33,265	10/01/03	Electric Revenue and Refunding Bonds	4.750	Term 2028	2014	"	33,265	
61,290	10/01/05	Electric Revenue Bonds	5.000	Serial 2029 to 2032	2015	"	61,290	
53,710	10/01/05	Electric Revenue Bonds	4.750	Term 2035	2015	"	53,710	
183,230	05/15/07	Electric Revenue and Refunding Bonds	4.000 - 5.000	Serial 2009 to 2035	2016	"	176,255	
81,850	05/15/07	Electric Revenue and Refunding Bonds	4.500 / 4.750	Term 2034 & 2037	2016	"	81,850	
Total Electric Bonds							\$ 566,230	
TOTAL REVENUE BONDS							\$ 732,650	

The annual requirements to pay principal and interest on all outstanding debt are as follows (in thousands of dollars):

Fiscal Year Ended August 31	Governmental Activities					
	General Obligation Bonds		Tax Supported Bonds		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 6,636	19,029	710	271	3,688	959
2013	8,563	19,575	740	238	3,284	889
2014	8,816	19,283	780	200	3,421	817
2015	9,061	18,971	815	162	3,511	738
2016	9,455	18,603	855	122	3,586	643
2017 - 2021	47,260	87,656	2,020	51	9,322	2,051
2022 - 2026	72,657	74,055	-	-	5,458	830
2027 - 2031	55,835	59,699	-	-	1,255	68
2032 - 2036	60,645	46,279	-	-	-	-
2037 - 2041	73,345	29,401	-	-	-	-
2042 - 2046	67,390	8,882	-	-	-	-
	<u>\$ 419,663</u>	<u>401,433</u>	<u>5,920</u>	<u>1,044</u>	<u>33,525</u>	<u>6,995</u>

Fiscal Year Ended August 31	Business-Type Activities					
	Revenue Bonds		Loans Payable		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 28,020	34,879	195	116	258	24
2013	27,010	33,539	307	112	198	18
2014	28,255	32,258	312	107	205	13
2015	29,500	30,887	318	101	152	7
2016	30,845	29,481	323	96	98	5
2017 - 2021	178,095	123,373	1,694	399	98	2
2022 - 2026	117,595	86,452	1,839	254	-	-
2027 - 2031	119,815	59,989	1,896	97	-	-
2032 - 2036	119,470	29,412	107	1	-	-
2037 - 2041	54,045	3,676	-	-	-	-
	<u>\$ 732,650</u>	<u>463,946</u>	<u>6,991</u>	<u>1,283</u>	<u>1,009</u>	<u>69</u>

Fiscal Year Ended August 31	Major Enterprise Funds					
	Wastewater System		Water System		Electric System	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 3,075	3,620	5,380	2,905	18,680	27,267
2013	3,287	3,500	3,310	2,647	19,610	26,333
2014	3,397	3,370	3,425	2,506	20,595	25,353
2015	3,522	3,217	3,555	2,354	21,620	24,323
2016	3,648	3,057	3,690	2,191	22,675	23,271
2017 - 2021	20,475	12,768	20,915	8,199	131,510	98,220
2022 - 2026	25,189	7,816	16,315	3,406	71,630	72,415
2027 - 2031	18,611	2,161	4,240	1,266	90,790	55,355
2032 - 2036	1,412	58	3,090	283	115,075	29,072
2037 - 2041	-	-	-	-	54,045	3,676
	<u>\$ 82,616</u>	<u>39,567</u>	<u>63,920</u>	<u>25,757</u>	<u>566,230</u>	<u>385,285</u>

The City issues general obligation, special assessment, and revenue bonds to finance the acquisition and construction of major capital assets. Bonded indebtedness has also been entered into to advance refund several general obligation and revenue bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Special assessment bonds are repaid from amounts levied against affected property owners, but in the unlikely event collections are not sufficient to make debt payments, the responsibility rests with the City to meet that obligation. For revenue bonds the government pledges income derived from the acquired or constructed assets to pay the debt service.

Net assets of \$2,666,408, \$3,016,975, \$10,291,693, and \$85,335 are currently available in the debt service funds to service the General Obligation Bonds, Tax Supported Bonds, Tax Allocation Bonds, and Special Assessment Bonds, respectively. Revenue Bonds are funded partially from reserve accounts set up for debt repayment and partially from proceeds of daily operations.

The City has entered into lease agreements for financing the acquisition of land, buildings, street lights, emergency ambulances and defibrillators, fire engines, golf equipment and computer equipment and software. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future

minimum lease payments as of the inception date. Assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities
Land	\$ 1,774,450	\$ 210,000
Buildings	18,171,399	-
Improvements	219,925	-
Infrastructure	13,719,213	-
Machinery and Equipment	2,946,000	3,492,756
Construction In Progress	388,181	
Less Accumulated Depreciation, (where applicable)	<u>(5,566,307)</u>	<u>(2,256,254)</u>
Total	<u>\$ 31,652,861</u>	<u>\$ 1,446,502</u>

Under the City's Home Rule Charter, there is no legal debt limit. The various bond indentures contain significant limitations and restrictions on annual debt service requirements, minimum amounts to be maintained in various bond reserve funds, and minimum revenue bond coverage.

The general obligation debt of all local governmental units which provide services within the City's boundaries and which debt must be borne by properties in the City (commonly called overlapping debt) as of August 31, 2011, is summarized below (unaudited):

<u>Governmental Units</u>	Debt Outstanding	Estimated Percentage Applicable ¹	Direct And Overlapping Debt To The City
Direct:			
City	\$ 419,663,000	100.0 %	\$ 419,663,000
Overlapping:			
School District #1	362,755,000	99.5	360,941,000
Lower Platte South N.R.D.	-	75.4	-
Lancaster County	1,400,000	85.4	1,196,000
Public Building Commission	41,660,000	85.4	35,578,000
Lancaster County Correctional Facility	59,570,000	85.4	50,873,000
Lancaster County Fairgrounds	8,480,000	85.4	7,242,000
	<u>473,865,000</u>		<u>455,830,000</u>
Total	<u>\$ 893,528,000</u>		<u>\$ 875,493,000</u>

The City has no direct liability for the School District, Lower Platte South N.R.D., Lancaster County, Public Building Commission, Lancaster County Fairgrounds or Lancaster County Correctional Facility debt summarized above. This results in a per capita direct City debt of \$1,624.21; a per capita direct and overlapping debt of \$3,388.41; a ratio of direct City debt to 2011 actual valuation of 2.64 percent; and a ratio of direct and overlapping debt to 2011 actual valuation of 5.51 percent.

In addition to the governmental units listed above, the Airport Authority of the City of Lincoln, Nebraska (the "Airport Authority"), a body politic and corporate separate and distinct from the City of Lincoln, provides services within the City's boundaries and has overlapping general obligation indebtedness. As of June 30, 2011, the Airport Authority had outstanding \$9,080,000 in aggregate principal amount of its general obligation airport bonds. The Airport Authority anticipates that such bonds will be paid from revenues derived from its operations of the Lincoln Municipal Airport, but the Airport Authority is authorized to levy a property tax, at a rate not to exceed three and five-tenths cents (\$.035) on each \$100 of taxable valuation, on all the taxable property in the City. The Airport Authority has not levied a property tax since 1985 for any purpose, including airport operating expenses or debt service on its bonds.

Debt Payment Record

The City of Lincoln has never defaulted on its obligation to pay principal or interest on its indebtedness.

Contingencies

The City is a defendant in a number of lawsuits in its normal course of operations and management is of the opinion that ultimate settlement of such lawsuits will not have a materially adverse effect on the financial statements.

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS**

Fiscal Year	Principal	Interest ²	Total Debt Service	Total General Governmental Expenditures ¹	Ratio Of Debt Service To Total General Expenditures
2011	\$ 6,857,978	\$ 5,147,840	\$ 12,005,818	\$ 225,622,756	5.32 %
2010	7,457,532	5,676,933	13,134,465	207,939,796	6.32
2009	8,036,544	5,814,071	13,850,615	195,544,608	7.08
2008	6,824,828	5,979,172	12,804,000	195,469,478	6.55
2007	5,617,536	4,986,687	10,604,223	192,566,160	5.51
2006	5,770,794	4,670,734	10,441,528	190,705,202	5.48
2005	5,421,699	4,860,926	10,282,625	182,804,746	5.62
2004	4,934,224	2,893,437	7,827,661	173,813,094	4.50
2003	5,435,370	2,986,634	8,422,004	162,713,261	5.18
2002	4,921,172	2,421,303	7,342,475	157,069,075	4.67

¹ Includes: General, Special Revenue, and Debt Service Funds.

² Does not include fiscal and miscellaneous charges.

**SCHEDULE OF GENERAL OBLIGATION DEBT IN RELATION TO POPULATION, ASSESSED VALUATION, AND REAL PROPERTY VALUATION
LAST TEN FISCAL YEARS**

Fiscal Year	General Obligation Bonded Debt	Sinking Funds	Net General Obligation Bonded Debt	Population ¹	Net G.O. Bonded Debt Per Capita	Assessed Valuation Real And Personal	Ratio of Net Debt To Assessed Valuation Real & Personal ²	Assessed Valuation Of Taxable Real Property ²	Ratio of Net Debt To Estimated Valuation Of Taxable Real Property
2011	\$ 119,663,000	\$ 13,305,000	\$ 106,358,000	258,379	\$ 411.64	\$ 15,881,260,420	0.67%	\$ 15,125,408,200	0.70%
2010	118,383,000	13,480,000	104,903,000	254,001	413.00	15,746,453,582	0.67%	14,984,937,627	0.70%
2009	125,181,000	13,604,000	111,577,000	251,624	443.43	15,935,572,737	0.70%	15,222,189,222	0.73%
2008	128,581,000	12,962,000	115,619,000	248,744	464.81	15,653,926,490	0.74%	14,969,536,405	0.77%
2007	133,413,000	11,574,000	121,839,000	241,167	505.21	15,342,163,788	0.79%	14,638,856,501	0.83%
2006	99,347,000	9,733,000	89,614,000	239,213	374.62	13,583,250,295	0.66%	12,897,825,080	0.69%
2005	104,538,000	13,364,000	91,174,000	238,625	382.08	13,138,516,226	0.69%	12,421,799,720	0.73%
2004	98,915,000	20,509,000	78,406,000	236,146	332.02	12,744,105,392	0.62%	12,001,190,379	0.65%
2003	61,759,000	17,083,000	44,676,000	235,565	189.65	11,130,588,167	0.40%	10,350,628,778	0.43%
2002	56,997,000	15,847,000	41,150,000	231,800	177.52	10,724,685,837	0.38%	9,903,888,713	0.42%

¹ Source: Lincoln/Lancaster Planning Department.

² Assessed valuation is 100% of actual

**REVENUE BOND COVERAGE
LAST TEN FISCAL YEAR**

	Gross Revenue	Direct Operating Expenses	Net Available Revenue	Debt Service Requirements			Coverage
				Principal	Interest	Total	
Wastewater System							
2011	\$ 23,546,370	12,543,964	11,002,406	2,865,000	3,647,609	6,512,609	1.69
2010	22,472,095	11,664,593	10,807,502	2,695,000	3,731,444	6,426,444	1.68
2009	22,643,270	11,771,291	10,871,979	2,620,000	3,820,044	6,440,044	1.69
2008	22,347,867	11,393,624	10,954,243	2,415,000	4,030,454	6,445,454	1.70
2007	21,158,743	11,462,964	9,695,779	2,005,000	3,081,481	5,086,481	1.91
2006	19,827,194	11,125,819	8,701,375	2,065,000	3,043,500	5,108,500	1.70
2005	18,248,683	10,482,955	7,765,728	1,500,000	2,403,519	3,903,519	1.99
2004	18,092,619	10,042,919	8,049,700	1,750,000	2,133,704	3,883,704	2.07
2003	15,607,743	9,086,469	6,521,274	1,032,500	266,722	1,299,222	5.02
2002	15,731,749	8,632,287	7,099,462	992,500	316,847	1,309,347	5.42
Water System							
2011	\$ 30,629,506	15,455,027	15,174,479	6,310,000	3,191,857	9,501,857	1.60
2010	26,515,467	14,091,292	12,424,175	6,050,000	3,458,097	9,508,097	1.31
2009	27,838,187	14,995,077	12,843,110	5,795,000	3,128,414	8,923,414	1.44
2008	27,257,184	14,425,521	12,831,663	5,555,000	3,376,201	8,931,201	1.44
2007	29,386,495	14,351,136	15,035,359	5,340,000	3,612,001	8,952,001	1.68
2006	29,014,999	13,808,214	15,206,785	5,130,000	3,834,301	8,964,301	1.70
2005	27,153,937	13,145,665	14,008,272	4,895,000	3,517,932	8,412,932	1.67
2004	24,557,918	12,477,486	12,080,432	3,115,000	2,411,632	5,526,632	2.19
2003	22,094,721	11,631,496	10,463,225	3,010,000	2,898,489	5,908,489	1.77
2002	22,894,652	11,474,433	11,420,219	2,880,000	2,110,590	4,990,590	2.29
Golf							
2011	\$ 2,766,603	2,683,690	82,913	365,000	14,783	379,783	0.22
2010	2,779,424	2,562,064	217,360	350,000	28,783	378,783	0.57
2009	3,133,238	2,516,538	616,700	335,000	41,848	376,848	1.64
2008	2,933,843	2,402,983	530,860	325,000	54,035	379,035	1.40
2007	2,926,985	2,463,827	463,158	315,000	65,060	380,060	1.22
2006	2,993,961	2,467,141	526,820	305,000	74,973	379,973	1.39
2005	3,135,875	2,568,462	567,413	295,000	83,823	378,823	1.50
2004	2,899,670	2,467,141	432,529	290,000	91,653	381,653	1.13
2003	2,648,552	2,408,947	239,605	280,000	98,513	378,513	0.63
2002	2,673,078	2,141,707	531,371	305,000	75,628	380,628	1.40
Parking Facilities ^{1,2}							
2011	\$ 7,698,018	3,606,008	4,092,010	580,000	689,717	1,269,717	3.22
2010	6,869,392	3,340,601	3,528,791	1,435,000	558,519	1,993,519	1.77
2009	7,014,250	2,874,768	4,139,482	1,360,000	624,394	1,984,394	2.09
2008	7,134,709	2,912,511	4,222,198	1,305,000	687,194	1,992,194	2.12
2007	6,645,013	2,781,952	3,863,061	1,240,000	746,374	1,986,374	1.94
2006	6,785,593	2,775,122	4,010,471	1,185,000	799,931	1,984,931	2.02
2005	6,219,935	2,972,709	3,247,226	1,140,000	850,501	1,990,501	1.63
2004	6,299,598	2,733,492	3,566,106	1,145,000	908,456	2,053,456	1.74
2003	5,988,240	2,304,632	3,683,608	1,085,000	962,829	2,047,829	1.80
2002	5,483,546	1,964,389	3,519,157	1,115,000	924,470	2,039,470	1.73
Solid Waste Management							
2011	\$ 7,628,127	6,386,050	1,242,077	210,000	132,425	342,425	3.63
2010	7,377,385	8,482,526	-	200,000	140,425	340,425	-
2009	7,664,336	4,482,819	3,181,517	195,000	148,225	343,225	9.27
2008	8,537,520	5,701,312	2,836,208	190,000	155,825	345,825	8.20

¹ Includes parking meter revenues that were deposited to the General Fund but are pledged per bond ordinance.

² Information in this table does not agree with information in the transmittal letter of the City's CAFR because that information is calculated in accordance with specific requirements of the bond covenants.

CITY OF LINCOLN, NEBRASKA
GENERAL FUND
SUMMARY CASH FLOW STATEMENT - CASH BASIS
FOR LAST TEN FISCAL YEARS

	F.Y. 2011	F.Y. 2010	F.Y. 2009	F.Y. 2008	F.Y. 2007	F.Y. 2006	F.Y. 2005	F.Y. 2004	F.Y. 2003	F.Y. 2002
Cash & Investment Balance - September 1 of Year Indicated	14,597,487	16,286,626	15,738,481	14,632,274	13,475,643	18,948,253	23,521,130	26,784,845	26,589,993	24,802,768
Receipts:										
Property Tax	31,449,267	31,486,553	33,783,984	32,181,660	31,454,763	28,366,526	26,727,618	24,546,532	22,780,085	23,353,414
City Sales & Use Tax	57,959,545	54,925,013	54,255,376	55,733,297	53,960,485	54,270,346	53,781,209	51,869,477	48,657,268	45,393,492
Other Income	33,232,580	27,906,103	27,389,492	26,270,119	27,663,641	25,390,112	25,620,145	23,615,320	24,933,838	26,342,414
Total Receipts	122,641,392	114,317,669	115,428,852	114,185,076	113,078,889	108,026,984	106,128,972	100,031,329	96,371,191	95,089,320
Less Disbursements	120,296,470	116,006,808	114,880,707	113,078,869	111,922,258	113,499,594	110,701,849	103,295,044	96,176,339	93,302,095
Cash & Investment Balance - August 31 of Year Indicated	16,942,409	14,597,487	16,286,626	15,738,481	14,632,274	13,475,643	18,948,253	23,521,130	26,784,845	26,589,993

CITY OF LINCOLN, NEBRASKA
 GENERAL BONDED INDEBTEDNESS AND DEBT SERVICE FUND
 SUMMARY CASH FLOW STATEMENT - CASH BASIS
 FOR LAST TEN FISCAL YEARS

	<u>F.Y. 2011</u>	<u>F.Y. 2010</u>	<u>F.Y. 2009</u>	<u>F.Y. 2008</u>	<u>F.Y. 2007</u>	<u>F.Y. 2006</u>	<u>F.Y. 2005</u>	<u>F.Y. 2004</u>	<u>F.Y. 2003</u>	<u>F.Y. 2002</u>
Cash Balance - September 1 of Year Indicated	2,941,245	3,533,968	4,201,889	4,057,088	2,761,491	3,364,608	3,570,557	2,935,997	3,440,537	3,099,198
Receipts:										
Property Tax	5,337,610	5,517,878	5,689,007	5,709,454	5,460,690	2,973,410	5,607,615	5,387,468	5,883,592	6,340,938
Interest Income	28,331	60,063	131,475	153,977	84,935	86,812	83,286	48,595	32,298	53,873
Bond Proceeds	20,236,484						6,597,635		9,436,083	
Other Income	<u>116,758</u>	<u>124,279</u>	<u>173,446</u>	<u>1,003,173</u>	<u>1,927,112</u>	<u>2,935,603</u>	<u>149,038</u>	<u>691,340</u>	<u>240,110</u>	<u>232,009</u>
Total Receipts	<u>25,719,183</u>	<u>5,702,220</u>	<u>5,993,928</u>	<u>6,866,604</u>	<u>7,472,737</u>	<u>5,995,825</u>	<u>12,437,574</u>	<u>6,127,403</u>	<u>15,592,083</u>	<u>6,626,820</u>
Disbursements:										
Bonds Paid	2,720,000	4,110,000	4,320,000	4,260,000	3,950,000	4,250,000	3,850,000	3,215,000	4,177,765	4,137,254
Bonds Defeased									9,609,774	
Interest Paid	1,753,957	2,178,545	2,335,411	2,456,373	2,217,610	2,342,582	2,197,207	2,271,548	2,309,084	2,144,322
Transfer to Trustee	21,746,822						6,504,876			
Other Disbursements	<u>204,668</u>	<u>6,398</u>	<u>6,438</u>	<u>5,430</u>	<u>9,530</u>	<u>6,360</u>	<u>91,440</u>	<u>6,295</u>		<u>3,905</u>
Total Disbursements	<u>26,425,447</u>	<u>6,294,943</u>	<u>6,661,849</u>	<u>6,721,803</u>	<u>6,177,140</u>	<u>6,598,942</u>	<u>12,643,523</u>	<u>5,492,843</u>	<u>16,096,623</u>	<u>6,285,481</u>
Equity Transfer										
Cash Balance - August 31 of Year Indicated	<u>2,234,981</u>	<u>2,941,245</u>	<u>3,533,968</u>	<u>4,201,889</u>	<u>4,057,088</u>	<u>2,761,491</u>	<u>3,364,608</u>	<u>3,570,557</u>	<u>2,935,997</u>	<u>3,440,537</u>

CITY OF LINCOLN, NEBRASKA
SPECIAL ASSESSMENT REVOLVING FUND
SUMMARY CASH FLOW STATEMENT - CASH BASIS
FOR LAST TEN FISCAL YEARS

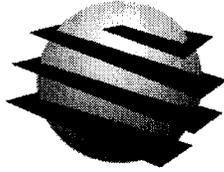
	<u>F.Y. 2011</u>	<u>F.Y. 2010</u>	<u>F.Y. 2009</u>	<u>F.Y. 2008</u>	<u>F.Y. 2007</u>	<u>F.Y. 2006</u>	<u>F.Y. 2005</u>	<u>F.Y. 2004</u>	<u>F.Y. 2003</u>	<u>F.Y. 2002</u>
Cash & Investment Balance - September 1 of Year Indicated	4,302,257	4,161,711	11,148,146	9,991,053	8,846,000	7,583,251	7,830,502	6,910,967	6,586,633	3,778,207
Receipts:										
Special Assessment Collections	996,209	984,301	954,672	1,235,621	1,257,112	1,476,284	1,208,686	1,654,695	1,271,575	1,360,347
Interest on Special Assessments	106,379	148,383	112,749	179,258	188,349	189,927	204,108	267,298	346,725	294,839
City's Share of Costs	233,615	292,420	34,802		187,957	723,038	578,992	116,009	97,107	2,145,574
Developers' Share of Costs										4,617
Bond Proceeds	1,200,000									
Interest on Investments	60,248	135,149	335,273	453,282	340,274	254,809	217,996	140,289	130,555	137,143
Miscellaneous	<u>38,456</u>			<u>33,964</u>	<u>49,403</u>	<u>74,657</u>	<u>30,687</u>	<u>288,482</u>	<u>195,535</u>	<u>474,438</u>
Total Receipts	<u>2,634,907</u>	<u>1,560,253</u>	<u>1,437,496</u>	<u>1,902,125</u>	<u>2,023,095</u>	<u>2,718,715</u>	<u>2,240,469</u>	<u>2,466,773</u>	<u>2,041,497</u>	<u>4,416,958</u>
Disbursements:										
Construction Costs	2,081,765	1,113,691	861,203	742,698	766,768	1,066,513	1,796,239	1,399,323	1,560,456	1,090,434
Bonds Paid					55,000		100,000	105,000	105,000	110,000
Equity Transfer			7,554,009							
Interest Paid on Bonds & Notes	3,758,342				37,581		3,425	10,420	17,534	24,762
Other Refunds & Expenses	<u>337,877</u>	<u>306,016</u>	<u>8,719</u>	<u>2,334</u>	<u>18,693</u>	<u>389,453</u>	<u>588,056</u>	<u>32,495</u>	<u>34,173</u>	<u>383,336</u>
Total Disbursements	<u>6,177,984</u>	<u>1,419,707</u>	<u>8,423,931</u>	<u>745,032</u>	<u>878,042</u>	<u>1,455,966</u>	<u>2,487,720</u>	<u>1,547,238</u>	<u>1,717,163</u>	<u>1,608,532</u>
Cash & Investment Balance - August 31 of Year Indicated	<u>759,180</u>	<u>4,302,257</u>	<u>4,161,711</u>	<u>11,148,146</u>	<u>9,991,053</u>	<u>8,846,000</u>	<u>7,583,251</u>	<u>7,830,502</u>	<u>6,910,967</u>	<u>6,586,633</u>

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APPENDIX B

**CITY OF LINCOLN, NEBRASKA
PARKING STUDY**

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WALKER
PARKING CONSULTANTS

MARKET AND FINANCIAL ANALYSIS

THE PROPOSED
LUMBERWORKS PARKING
GARAGE
LINCOLN, NEBRASKA

Prepared for:
Mr. Kenneth D. Smith
City Parking Manager
City of Lincoln
Urban Development Department
Parking Services Division
850 Q Street
Lincoln, Nebraska 68508

October 11, 2012
(Revised November 21, 2012)



FIRST HOUR FREE



WALKER
PARKING CONSULTANTS

Walker Parking Consultants
6602 East 75th Street, Suite 210
Indianapolis, IN 46250
Voice: 317.842.6890
Fax: 317.577.6500
www.walkerparking.com

October 11, 2012
(Revised November 21, 2012)

Mr. Kenneth D. Smith, CAPP
City Parking Manager
City of Lincoln
Parking Services Division
Urban Development Department
850 Q Street
Lincoln, Nebraska 68508

Re: Market and Financial Analysis
Proposed Lumberworks Garage Parking Structure, Lincoln, Nebraska
Walker Project #21-3626.10

Dear Mr. Smith:

Walker Parking Consultants is pleased to submit this report of our analysis regarding the proposed Lumberworks Garage parking structure. This report presents our analysis and conclusions, which are intended to assist the City of Lincoln Urban Development Department in evaluating various financial decisions and project financing.

We appreciate the opportunity to be of service to you and the City of Lincoln. If you have any questions or comments, please do not hesitate to call.

Sincerely,

WALKER PARKING CONSULTANTS

Jon Efroymsen
Senior Parking Consultant

cc: Dallas A. McGee, AICP, Asst. Director, Urban Development Dept., City of Lincoln, Nebraska
Scott D. Keene, V.P. and Managing Director, Armeritas Investment Corp., Lincoln, Nebraska
John Dorsett, Senior V.P. and Director of Consulting Resources Group, Walker Parking Consultants

PROPOSED LUMBERWORKS GARAGE

MARKET AND FINANCIAL ANALYSIS



WALKER
PARKING CONSULTANTS

OCTOBER 11, 2012 (REVISED NOVEMBER 21, 2012)

WALKER PROJECT #21-3626.10

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INTRODUCTION AND PROJECT UNDERSTANDING

Walker Parking Consultants has been engaged by the City of Lincoln to complete a market and financial analysis of the proposed Lumberworks Garage parking structure to be located within the Haymarket District at the corner of 7th and 'O' Streets. This site is currently developed as a municipal parking lot, known as the Lumberworks Lot. On a limited basis, Walker Parking Consultants previously studied the Haymarket District in 2010.

The Haymarket District's Lumberworks Garage project is nearing ground-breaking in its development time-line. This parking structure contributes 515 parking spaces to the larger project, which includes street-level retail storerooms and residential units within an associated "liner building" that wrap around the parking structure.

The City has reported that it has available bonding capacity through its parking enterprise and reserves. The City intends to issue a single revenue bond to fund the parking portions of this prospective project and to refund existing debt that is associated with outstanding bond issues.

SCOPE OF SERVICES

Walker is engaged to perform a market and financial analysis for the proposed parking structure. The scope of services includes three main tasks. The first task documents our understanding of the project and the background of the project financing. The second task includes documentation of the market for the project, and the third task specifically addresses the financial considerations of the project.

1. Project Understanding and Background:
 - i. Detailed description of the facility that will be financed.
 - ii. A description of the project financing, including terms of financing. (Information to be provided by the City's financial advisor and/or underwriter.)
 - iii. Construction and project costs – amount to be financed and an analysis of the consistency of costs with the general industry. (City of Lincoln to provide construction and project cost figures and Walker will react to the City's proposed figures and comment accordingly.)
 - iv. Construction schedule of existing parking projects and analysis of the consistency of the construction schedule with the general industry. (City of Lincoln to provide schedule and Walker will comment accordingly.)
 - v. Detailed physical description and definition of the Project Area and Market Area and parking facilities included in each defined area. The Project Area is defined as the Business District and the Market Area is to be determined based on this study but will consist of an area approximately 2-3 blocks surrounding the proposed project site.
2. Market Analysis:
 - i. Competitive analysis of parking facilities located in the Project Area and Market Area.
 - ii. A parking inventory of the Market Area denoting the capacity and user restrictions of parking

PROPOSED LUMBERWORKS GARAGE

MARKET AND FINANCIAL ANALYSIS



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OCTOBER 11, 2012 (REVISED NOVEMBER 21, 2012)

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facilities.

- iii. Results of a parking occupancy survey conducted during relevant time periods in the Market Area. The occupancy counts will represent the typical weekday parking activity, and, if appropriate, the typical parking demand generated during a special event held within the Market Area.
 - iv. A detailed parking rate survey of Market Area parking facilities including all parking located within close proximity to the Project Area. Utilize results from the rate survey to assist in revenue projections.
 - v. Identification and description of factors influencing parking demand within the Project Area and Market Area.
 - vi. Historical parking demand within the Market Area for the time period 2008-2012 based on data available through previous parking study reports and parking facility operating statements.
 - vii. Potential new real estate developments or expansions of existing developments that could affect parking demand in the Project Area and Market Area. Identify any major businesses or attractions that anticipate departing the Market Area, thereby reducing parking demand. Such projects will be identified through discussions with the City of Lincoln personnel and through the review and analysis of the City master plan.
 - viii. Projected parking demand within the Project Area and Market Area (for the time period 2013-2018).
 - ix. A sensitivity analysis considering factors influencing parking demand, parking revenues, and operating expenses on the pro-forma financial reports and debt coverage over the five-year period.
3. Financial Analysis:
- i. Report regarding non-operating expenses (capital improvements), annual capital renewal and replacement expense and capital reserve funding over a five year period.
 - ii. Key findings associated with the analysis and conclusions with respect to the financial viability of the proposed parking structure.
 - iii. Projection of operating expenses including but not limited to direct labor (cashiers, supervisors, accounting, maintenance, and security) and fringe benefits; utilities; supplies; daily maintenance (contracts and equipment); and structural maintenance.
 - iv. Market Area research used to verify the reliability of the operating cost figures derived from the database. Market Area data concerning utility expenses and wage rates will be collected.
 - v. Development of a revenue and expense pro forma operating statement of the proposed parking facility over a five-year period including revenues, operating expenses, net income and the debt service coverage ratio.
4. The final report addresses comments received from the City and/or its representatives.

PROPOSED LUMBERWORKS GARAGE

MARKET AND FINANCIAL ANALYSIS



OCTOBER 11, 2012 (REVISED NOVEMBER 21, 2012)

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SPECIAL ASSUMPTIONS AND LIMITING CONDITIONS

In addition to the general assumptions and limiting conditions, this report has been prepared under the following special assumptions and limiting conditions:

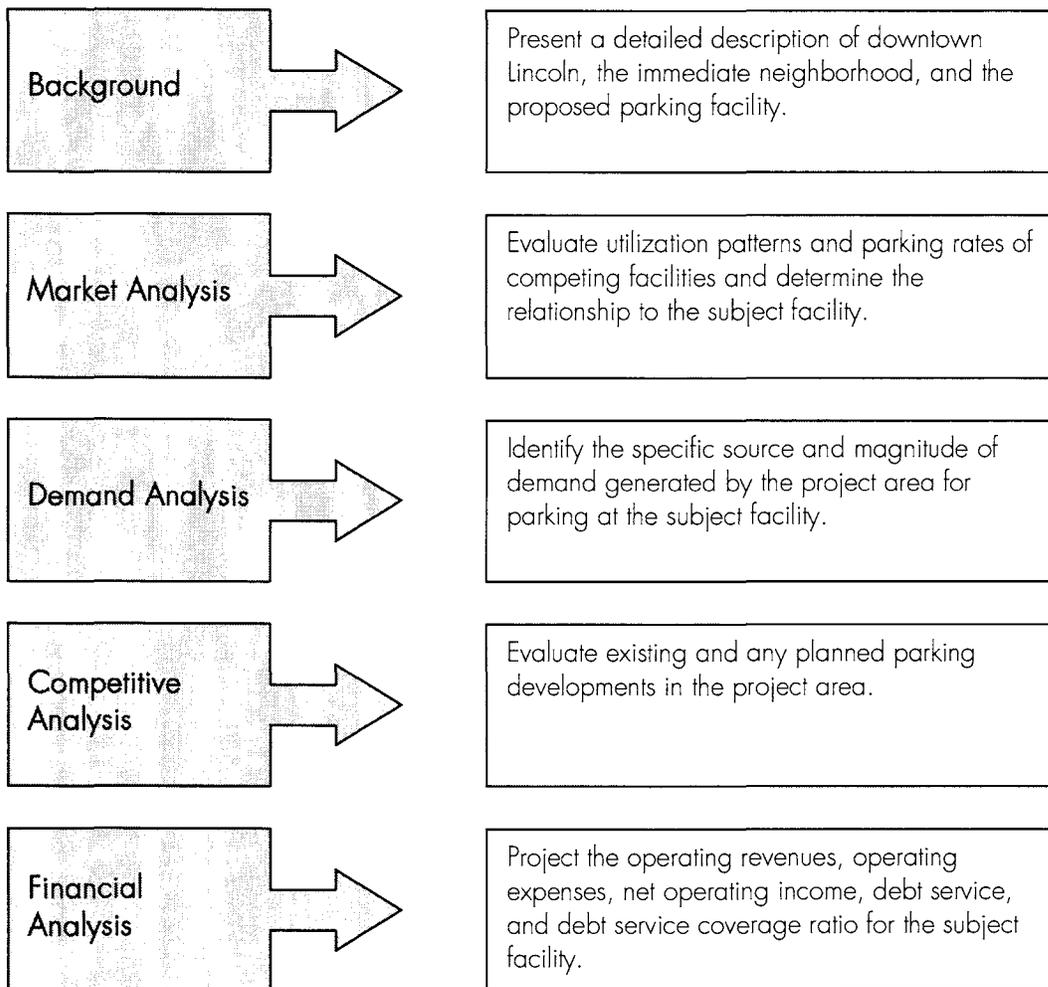
1. It is assumed that all required development agreements and/or entitlements for all elements of the subject building improvements and the overall neighborhood and associated retail, residential and entertainment development programs described herein, as well as permits, licenses, certificates of occupancy, consents or other legislative or administrative authority from any local, state, or national government or private entity or organization, have been or can be reasonably obtained or renewed for any use on which the financial estimates contained in this report are based.
2. Full compliance with all applicable federal, state and local zoning, use, occupancy, environmental and similar laws and regulations is assumed unless otherwise stated.
3. No responsibility is taken for changes in market conditions and no obligation is assumed to revise this report to reflect events or conditions which occur subsequent to the effective date of this report.
4. The financial analyses of the subject parking improvements is predicated on the overall neighborhood and associated retail, residential and entertainment development programs (uses and scale) and operating estimates (calendars of events, pricing, occupancy, operating expenses, and the like) provided to us by the City of Lincoln, its consultants, contractors, and designated developers, as of the date of this report.
5. Responsible ownership, competent property management, and professional marketing are assumed.
6. This report should not be construed as offering any opinions, estimates or conclusions regarding the feasibility of any elements of the proposed developments other than the parking improvements. This report is concerned solely with estimating the financial expectations for the proposed parking improvements that would be reasonably expected to occur if the developments materialize as proposed.



METHODOLOGY

Walker Parking Consultants (Walker) adopted the following methodology to complete the market and financial analysis associated with the proposed parking facility:

Figure 1: Report Methodology



Source: Walker Parking Consultants



DEFINITIONS OF TERMS

The following definitions are provided to clarify the terms used in this document.

- Inventory – This is the total number of spaces counted during survey day observations within the study area.
- Effective Supply – This is the inventory adjusted by the optimum utilization factor.
- Optimum Utilization Factor – The occupancy rate at which a parking facility operates at peak efficiency. This factor allows patrons to spend less time looking for the last available spaces and allows for the dynamics of vehicles moving in and out of spaces. It also allows for spaces lost to poor or improper parking, snow removal, retail, derelict vehicles, and the like.
- Demand – The number of spaces required to satisfy visitor, employee and resident needs on a given day.
- Occupancy – the number of vehicles observed parked on a survey day.
- Adequacy – The difference between parking supply and demand.
- Daily (Transient) Parking Rates - This parking rate schedule is typically comprised of an initial parking rate for the first increment of time. Additional fees are charged for additional increments of time. The maximum rate is typically stated in the rate schedule. A lost ticket typically is charged at the maximum rate.
- Lease Rate – The periodic charge for unrestricted daily parking privileges. Leased parking may conflict with special events, and may or may not include parking access during special events, weekends, or as specified to tenants in a parking agreement. Lease terms may be monthly, annual, by semester, or negotiated.
- Event Rate – due to the volume of traffic and the need for simplified management, a flat rate is typically charged for scheduled events.
- Leaseholder – A long-term parking patron, usually six hours or more, typically an area employee or resident.
- Demand Generator – Any building, structure, business, or attraction that brings individuals into the study area, thereby increasing parking demand and occupancy.
- Patron or User – Any individual parking in the study area, unless modified by attachment to specific business or land use. (i.e., a *patron or user* is someone parking in the system, whereas a *retail patron* is a shopper and may or may not be a *parking patron*.)
- Freestanding Parking Structure – Any parking structure that is not physically integrated into any other structure and as its primary purpose accommodates the assembling or standing of vehicles for relatively temporary periods of time either with or without charge for such assembling or standing, but not for repair, sale, or commercial storage thereof.

PROPOSED LUMBERWORKS GARAGE

MARKET AND FINANCIAL ANALYSIS



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OCTOBER 11, 2012 (REVISED NOVEMBER 21, 2012)

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MARKET ANALYSIS

The City of Lincoln, Nebraska was first established as the village of Lancaster in 1859. The City of Lincoln, located in Lancaster County, has become the second largest city in Nebraska. According to the 2000 Census, the city's population was 225,581. Lincoln's 2010 Census population was 258,379. Thus, the Census Bureau estimates the population increased about 14.5% since 2000. The Lincoln and Lancaster County Comprehensive Plan documents project that the city's population will increase to approximately 327,000 by 2025. This indicates a 26% increase in population is expected within the intermediate term. The 2011 population of Lancaster County is estimated by the U.S. Census Bureau as 289,800. The 2011 population of Nebraska is estimated as 1,842,641 people. The city area covers approximately 89 square miles, and is no more than a one-day automobile drive from Chicago, Denver, Des Moines, Kansas City, Minneapolis, and St. Louis.

Lincoln's Downtown is a mixed-use district that attracts about two million visitors annually, and has approximately 27,000 employees. The site of the subject parking garage is in Downtown Lincoln's Historic Haymarket District, which borders the Downtown to the west. As a result, the site is close to offices, retail shops and restaurants, hotels, and tourist attractions. The University of Nebraska-Lincoln Campus interfaces with the northern boundary of the downtown. Many University facilities, including Memorial Stadium, Haymarket Park, the Lied Center for Performing Arts, Love Library, Sheldon Memorial Art Gallery, Wick Alumni Center, dormitories and student housing units, and teaching and research facilities are located within a few blocks of the project site. Downtown's southern boundary is defined by the State Capitol building, as well as the local government and state buildings. The \$200 million Antelope Valley Roadway urban revitalization and flood mitigation project lies to the east of Downtown.

Recently completed private reinvestment in Downtown Lincoln totals over \$175 million, and includes a 250-room Embassy Suites Hotel opened in 2000; the Lincoln Children's Museum opened in 2001; the Grand Theater, a 14-screen movie complex opened in 2004; the Assurity Office Building in 2011; and, several new rental and owner-occupied housing developments.

Approximately \$165 million in additional private reinvestment is currently or about to be underway in Downtown, including residential, commercial, office, and hotel improvements, including the Marriot Hotel and Tool House residential and hotel in North Haymarket; Color Court office buildings and Telesis/Meadowgold office and industrial complex in South Haymarket; Catalyst One residential/commercial/parking structure and Farmer's Mutual Office Building in central Downtown, and other housing and commercial developments.

Ongoing public infrastructure projects include the rehabilitation of the Centennial Mall, design and construction of the Civic Plaza at 13th and P Streets, infrastructure related to the Pinnacle Bank Arena, the downtown street resurfacing project, and other street and streetscape projects.

The West Haymarket Arena will be the largest public investment to date in Downtown Lincoln. The project will encourage additional private investment as well. While the City saw a suspension of some private projects in 2008 and 2009, the City has recovered. From 2000 to 2015, the City is expecting to see over \$1 billion in public and private investment in the Downtown area.

PROPOSED LUMBERWORKS GARAGE

MARKET AND FINANCIAL ANALYSIS



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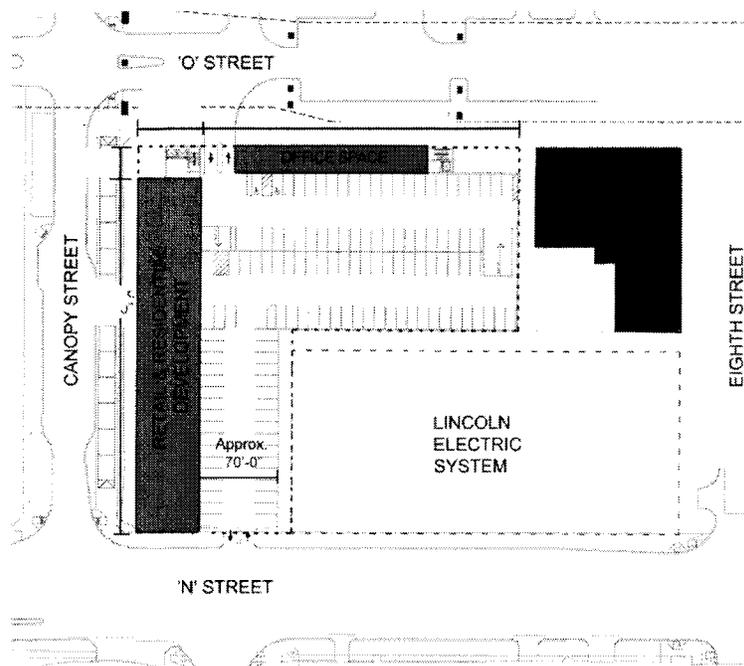
WALKER PROJECT #21-3626.10

PROJECT DESCRIPTION

Several redevelopment projects in the Haymarket have created the need to construct an additional garage to accommodate parking needs on the south end of the historic district. Additionally, there is additional interest in the redevelopment of South Haymarket.

This structure is intended to accommodate demand for transient and monthly parking for existing projects and provide support for proposed developments in the West Haymarket District. The proposed five-story, 516-stall Lumberworks Garage is to be constructed south of the Pinnacle Bank Arena and south of the Harris Overpass (O Street at grade), between 8th Street and the future Canopy Street.

Figure 2: Ground Level Site Sketch



Source: 6-29-12 Lumberworks SD Submittal dated by AGA Consulting, The Clark Enersen Partners, BVH Architects, and Olsson Associates.

The Lumberworks Garage is one of four new garages planned for the West Haymarket. Construction should begin in October 2012, and it should be completed by the time the Pinnacle Bank Arena opens in September 2013. The garage will be brick, concrete or a combination of both. Two additional parking garages, one directly connected to the arena, are to be open when the arena opens. The Joint Public Agency, which also oversees the development of the Pinnacle Bank Arena, is responsible for financing infrastructure within the West Haymarket area.

The proposed Lumberworks Garage will be constructed in association with the adjoining, privately developed "liner building" with first-floor retail and five stories of residential space. The Liner Building will be located to

PROPOSED LUMBERWORKS GARAGE

MARKET AND FINANCIAL ANALYSIS



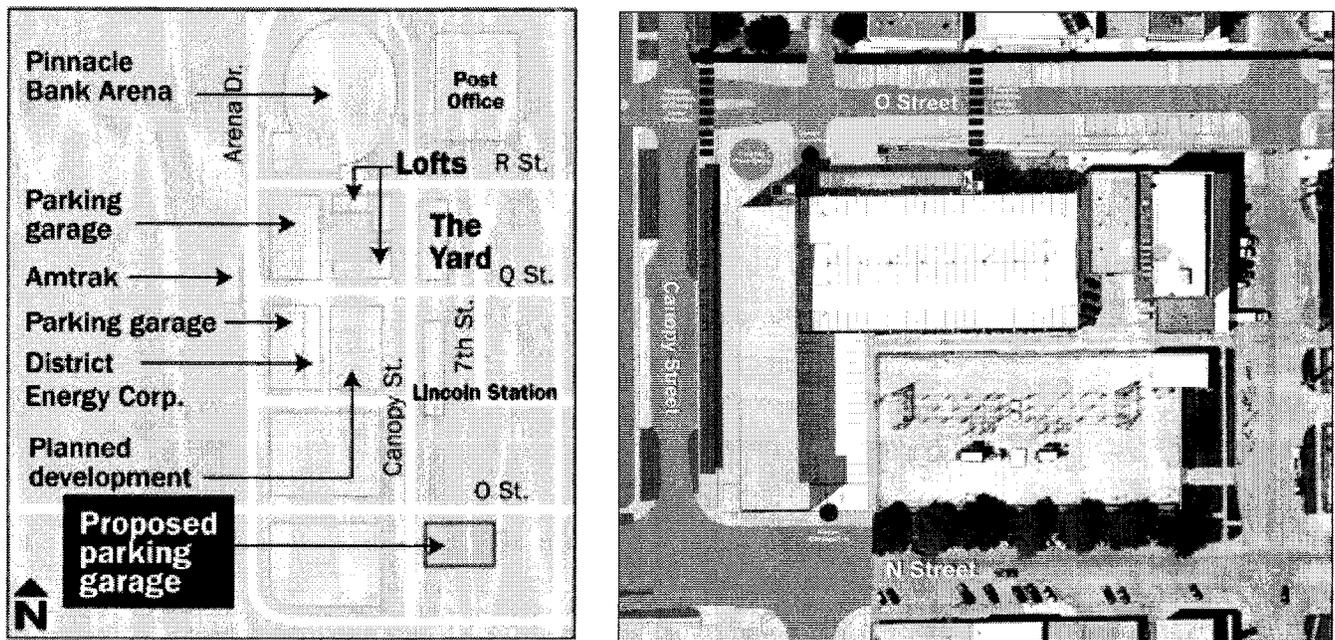
OCTOBER 11, 2012 (REVISED NOVEMBER 21, 2012)

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the west of the garage and within the existing 7th Street right of way from 'O' Street (the Harris Overpass) to 'N' Street; fronting along Canopy Street. The City owns the 7th Street right of way and has a purchase agreement for the BNSF railroad property on which the Lumberworks Garage Liner Building will be located, adjacent to and north of the existing Lumberworks parking lot. The 7th Street right of way will be vacated to allow for redevelopment of the liner building.

The project site location is a prominent location in the Haymarket area, and is visible from both directions of movement on the Harris Overpass. City staff was worried people would be less likely to use the Lumberworks lot site because they would have to walk under the Harris Overpass to get to Haymarket restaurants and shops, as well as to the arena. The current plan addresses that problem. The liner building will face and anchor the south end of the new Canopy Street, and will have a direct connection to the renovated historic train canopy that will stretch from this new building all the way north to the new Pinnacle Bank Arena. The garage site is connected to the Haymarket via 8th Street and by access to P Street through a lit alley from Seventh and 'P' Streets (in front of the Creamery Building). The south side of the site is located along 'N' Street which will serve as one of the primary vehicular entry points to the West Haymarket/Pinnacle Bank Arena area.

Figure 3: Reference Map and Site Area



Source: Lincoln Journal Star

AGA Consulting Inc. was selected in March of 2012 as the lead design firm for this project. Included as part of the design team are The Clark Enersen Partners, BVH Architects, and Olsson Associates. Clark Enersen and BVH architects are designing the buildings. The street improvements are part of the Pinnacle Bank Arena and West Haymarket Redevelopment Project infrastructure.

PROPOSED LUMBERWORKS GARAGE

MARKET AND FINANCIAL ANALYSIS



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The parking structure is designed with one level of parking at-grade and three supported levels. The project will provide 516 parking spaces.

The main vehicular ingress and egress of the parking garage will be located on 'N' Street via the surface parking lot, and via 'O' Street. No vehicular entrances will be constructed on the west side due to the retail/residential liner building development along Canopy Street. There is little possibility of a future parking garage expansion to the east due to the existing buildings along 'O' Street and the LES substation.

The overall design program includes:

- 18,280 square feet of office space on the ground floor,
- 19,190 SF of retail/food service, and
- 60 residential units.
- Dates of initial occupancy
 - a) 9/1/2013 for Lumberworks garage
 - b) 4/1/2014 for liner building

The retail/food service space will reportedly be used to house one or more fine dining/family restaurants.

The Lincoln-Lancaster County Planning Commission approved zoning changes related to the Pinnacle Bank Arena. The most notable change will allow taller-than-usual buildings in the West Haymarket. The commission approved an exception that will allow buildings for about a block and a half south of the arena to be 100 feet tall, instead of the usual 75-foot tall restriction in the rest of the Haymarket area. This zoning change allows some flexibility to developers of potential hotels and residential buildings without overshadowing other Haymarket buildings, such as Lincoln Station. However, preliminary plans for development around the arena don't call for any buildings taller than 75 feet. The arena itself will be about 130 feet tall, but it is on land zoned Public, which has no height restrictions. The non-industrial portions of the Haymarket area are zoned B-4, which is the same zoning that covers the Downtown Business District.

PROPOSED LUMBERWORKS GARAGE

MARKET AND FINANCIAL ANALYSIS



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OCTOBER 11, 2012 (REVISED NOVEMBER 21, 2012)

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STUDY AREA

It is important to define the market and study areas, and understand various economic indices that provide added clarity and historical evidence that support the strength or weakness of the marketplace. The City is usually analyzed as five sub-areas – northwest, southwest, northeast, southeast, and the Central Business District (CBD). The north/south divider is 'O' Street and the east/west divider is 27th Street.

The Haymarket District is defined for the purpose of this analysis as the geographical area generally bounded by 'S' Street to the north, 10th Street to the east, 'N' Street to the south and to the new Arena Drive and the Burlington Northern railroad tracks to the west. This area is generally referred to as the Historic Haymarket District, or the Haymarket, for short.

The study area is defined for the purpose of this analysis as the geographical area generally bounded by 'R' Street to the north, 18th Street to the east, 'J' Street to the south and Arena Drive to the west. This area comprises most of the Central Business District (CBD) in Lincoln, Nebraska.

Portions of the Study Area include a heavy concentration of mid-rise and high-rise office and retail buildings. The State Capitol Building and the City/County Building are located to the south, and the University of Nebraska-Lincoln (UNL) is to the north. The Haymarket District, an area containing restaurants, boutiques, antique shops and bars, is included in the northwest portion of the Study Area.

The following section provides a brief description of the existing conditions within the Haymarket District, the City and the CBD, along with a discussion of the parking market conditions and other influential factors.

PROPOSED LUMBERWORKS GARAGE

MARKET AND FINANCIAL ANALYSIS

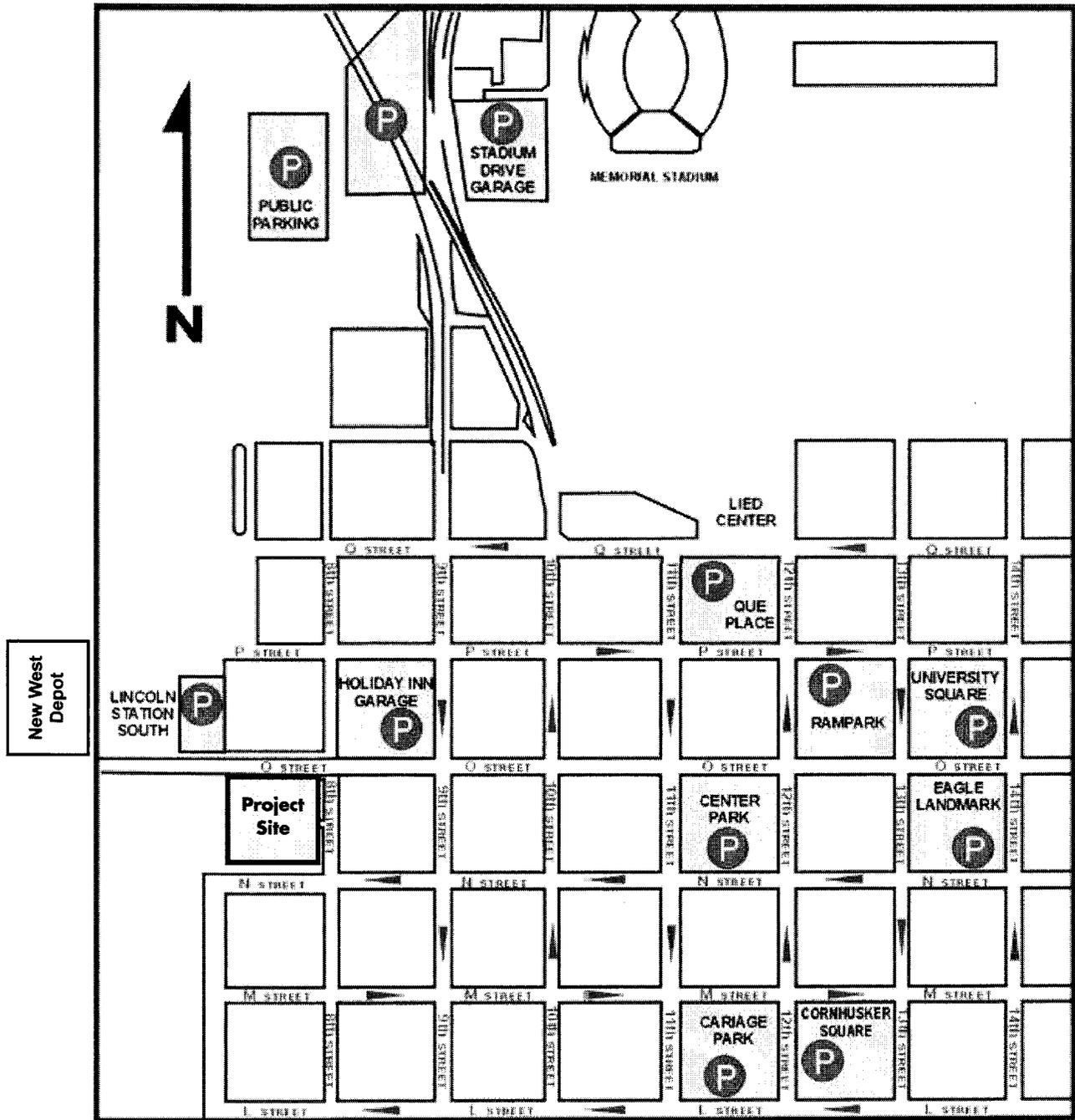


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Figure 4: Location Map and Study Area



Source: Walker Parking Consultants

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CHARACTER OF THE STATE AND CITY

According to a recent report released by the Governor, Nebraska has a diverse economy that is positioned well to grow, but the State needs to work on turning its growing research and development into new products. The following five industries have emerged as Nebraska's strengths, with growth outpacing national rates:

- Financial Services;
- Transportation, Warehousing and Distribution Logistics Services;
- Precision Metals Manufacturing;
- Bioscience; and
- Renewable Energy.

The report also notes that the State economy also has areas of weakness.

- Nebraska's lack of progress in developing value-added industries leads to lower demand for skills and lowers wages. Value-added industries are those that add value to a raw product by taking it to a new stage of production — for example, taking what is traditionally a waste product like wheat stalks and turning them into building materials.
- Nebraska has trouble translating its growing research and development base into new products and new companies.

The report recommends that the State should create stronger links between industry and university researchers in areas such as applied research and development, technology commercialization and talent generation.

As the capital city of Nebraska, Lincoln is a growing city based on commerce, business, industry and entertainment. Evidence of a strong local economy is evident, even during this time of national economic uncertainty, earning national recognition for the city. Forbes magazine called Lincoln the seventh best place in the country to ride out the recession. Lincoln was named the fifth best metro area in the U.S. to find a job or relocate a business and the best in the Midwest. In previous reports, Manpower's Employment Outlook Survey identified Lincoln as a city where significant employment growth is anticipated.

The Planning Department, the Urban Development Team, and other City departments of Lincoln have developed and are implementing plans to promote economic growth and improve current city operations. The city's goal is to continue growth while maintaining and enhancing the quality of life.

The City maintains that the key to any sustained enhanced entertainment-based plan for economic development is a modern arena equipped to compete. That's why the Pinnacle Bank Arena and the surrounding private development are important to the City's future. The inadequacies of the Pershing Center were discussed many times. National and regional events used to bypass Lincoln because of these inadequacies. Even State events like high school sports championships were relocating. A new Pinnacle Bank arena and associated amenities, including a possible new indoor ice rink, are part of the plan to enhance the City's economic development, increasing revenues and population growth by encouraging businesses and residents to remain in the city. Lincoln intends to offer urban attractions similar to the Light and Power District in Kansas City or the Qwest Center. It is strongly felt that the city must grow and renew, or it

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will be passed by. The Pinnacle Bank Arena, coupled with the Haymarket redevelopment, is expected to retain and attract future job creation, growth and development.

MAJOR EMPLOYERS

Downtown Lincoln represents a mixture of commercial, retail, entertainment and residential land uses. The skyline is dotted with multi-story office complexes and high-rise hotels. The following table identifies the City's largest employers, not all of which are located downtown.

Table 2: Employment by Industry

Government	22%
Education & Health Services	14%
Retail & Wholesale Trade	12%
Professional & Business Services	11%
Leisure & Hospitality	10%
Manufacturing	8%
Financial Activities	7%
Construction & Mining	5%
Transportation, Mining & Utilities	5%
Other Services	4%
Information	2%
Total	100%

Table 3: Major Employers

1,000 to 2,499	2,500 to 4,999	5,000 +
Ameritas Life Insurance Co.	Bryan LGH Health System	Lincoln Public Schools
B & R Stores, Inc.	St. Elizabeth Regional Medical Center	State of Nebraska
BNSF Railway		University of Nebraska – Lincoln
City of Lincoln		
Duncan Aviation		
Hy-Vee Food Stores		
Kawasaki Motors Manufacturing USA		
Lancaster County		
Lincoln Benefit Life		
Madonna Rehabilitation Hospital		
Molex, Inc.		
Nelnet		
Perot Systems		
State Farm Insurance		
United States Government		

Source: Lincoln, NE Chamber of Commerce

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The Mayor, with the support of the City Council and the Chamber of Commerce, are maintaining momentum by engaging in a number of public/private projects, and by setting aside \$6 million in the Fast Forward Fund to assist high-impact job creation and build the infrastructure that businesses need to locate in Lincoln.

In the competition for jobs, the City is providing help to companies that are willing to bring those high-impact jobs to the City. Local homebuilders and Realtors are fighting back against the national market collapse and making progress. Lincoln's housing sales are up 15 percent over last year, and the local mortgage foreclosure rate remains low. Forbes magazine identified Lincoln as one of the first cities in the nation to see an early housing recovery out of 161 surveyed metro markets.

UNEMPLOYMENT RATE

Lincoln offers a highly educated and motivated labor force. The work ethic and productivity of the Lincoln employees are cited by local employers as two key advantages of doing business in Lincoln.

Tabular and graphical depictions of the area's unemployment rate from years 2003 to 2012. Average annual employment continues to grow steadily and the unemployment rate remains relatively low, having recovered significantly from the recession peak of 5.0 percent. According to the Bureau of Labor, as of the end of July 2012, Lincoln MSA and Lancaster County had an unemployment rate of approximately 3.8 percent.

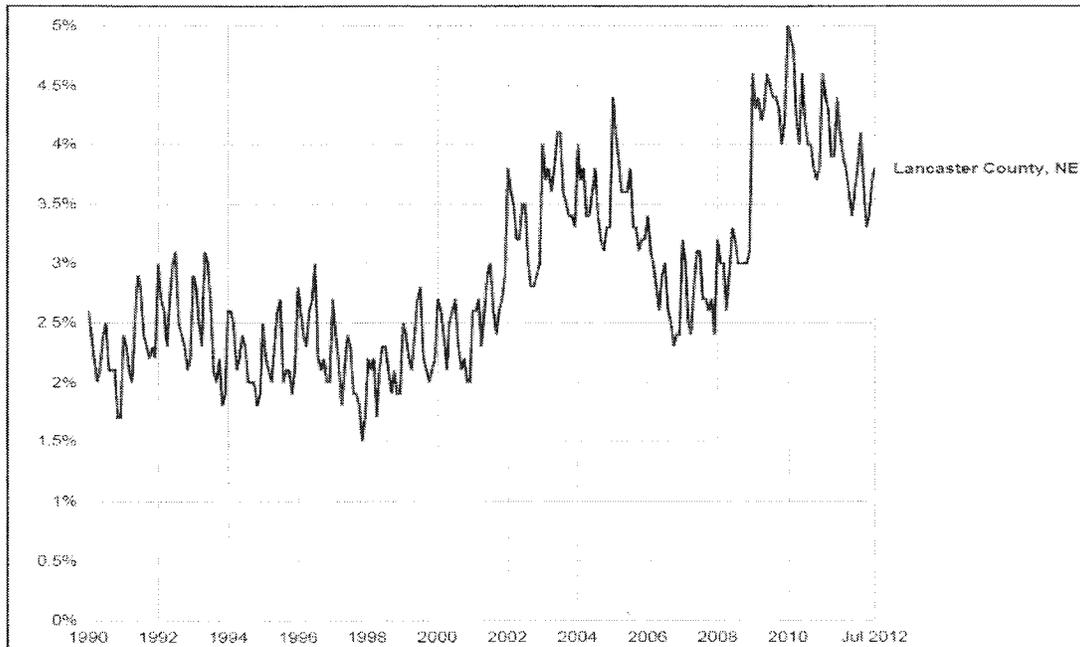
Table 4: Historical Unemployment in Lancaster County and the Lincoln, NE MSA

	<u>Lancaster County</u>	<u>Lincoln, NE MSA</u>
2003	3.7%	3.7%
2004	3.5%	3.5%
2005	3.6%	3.6%
2006	2.8%	2.8%
2007	2.8%	2.8%
2008	3.0%	3.1%
2009	4.3%	4.3%
2010 (Peak, January)	5.0%	5.0%
2011 (July)	4.1%	4.1%
2012 (July)	3.8%	3.8%

Source: Data from U.S. Bureau of Labor Statistics, Last updated: Sep 24, 2012



Figure 5: Historical Unemployment in Lancaster County



Source: Data from U.S. Bureau of Labor Statistics, Last updated: Sep 24, 2012

The current unemployment rate of Lincoln and Lancaster County is less than half that of the 8.1% national average.

OFFICE MARKET OVERVIEW

According to the NAI FMA Realty Market Report for First Half 2012, after the office market absorbed almost 225,000 SF, the rate of absorption Lincoln office sector has shown mixed signals. The overall net absorption of 15,062 SF with an uptick in the overall vacancy rate and a slight decrease in the asking rents in the market sheds light on the overall condition, illustrating the bumpy road to recovery numerous markets are facing.

The southwest submarket's vacancy rate increased from 9.1 percent to 11.9 percent due to a 56,000 SF office building on 21st & K Street being added to the inventory. Previously the property was owner occupied and not marked for sale. The CBD also saw an increase from 13.9 percent to 14.8 percent which was due in part to corporate relocations in the first half, of which Davis Design was the most significant. The architectural firm vacated their long-time headquarters at the corner of 14th & 'P' Street and expanded into 18,000 SF at the 1221 Tower. PCCW Teleservices, Inc. left downtown for the former Allied Insurance building at 52nd Street & 'R' Street. And a new 21,000-SF vacancy was reported at the Wells Fargo Center with downsizing in a lease renewal.

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World's Foremost Bank, the Lincoln-based credit card operations for the outdoor retailer Cabela's, expanded its northwest offices by 40,000 SF. The Physician Network relocated and expanded into 25,000 SF of the top floor of Assurity Life Insurance's headquarters near downtown. INSPRO vacated its space in the Plaza Mall South building for 13,000 SF within an office building at 40th Street & Pine Lake Road. And Five Nines Technology Group leased 11,000 SF for a short term as they look for a permanent home.

The main driver of the sales market last half, were the owner-users of less than 10,000 SF. Speculative construction remains nearly non-existent with the exception of the Willow Springs Office project for 12,000 SF of which Proformance Physical Therapy will relocate into half of the building early this fall.

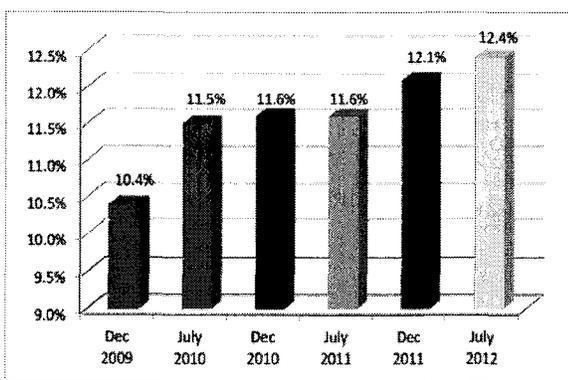
Table 5: CBD Office Market

SUBMARKET	CLASS	# BLDGS	TOTAL RENTABLE SF	TOTAL AVAILABLE SF	% VACANT	NET ABSORPTION	AVG ASKING RATE (\$/SF/YR)
CBD	CLASS A	5	648,954	67,143	10.3%	(21,033)	\$16.26
	CLASS B	98	2,726,680	449,251	16.5%	(2,224)	\$15.43
	CLASS C	24	262,196	22,322	8.5%	(7,549)	\$12.26
	NEW	N/A	N/A	N/A	N/A	N/A	N/A
	SUBTOTAL		127	3,637,830	538,716	14.8%	(30,806)

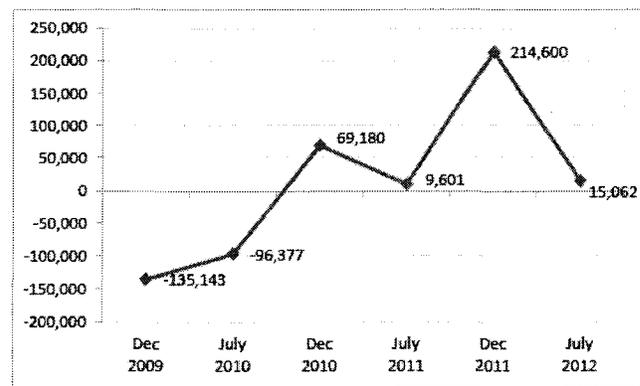
Source: NAI FMA Realty Market Report for First Half 2012

Figure 6: Lincoln Office Market

Historical Vacancy Rates



Historical Net Absorption (Square Feet for Six Months Ending)



Source: NAI FMA Realty Market Report for First Half 2012

City-wide average office market vacancy is approximately 12.4 percent (up from 11.5 percent in 2010). Over the next six months, current market conditions are likely to remain within this range. The market continues to be favorable to tenants, as landlords try to negotiate more early renewals and structure terms better suited

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for the current economic climate in order to keep their tenant base. With just under one and one-half million square feet of available Class A and B office space, it will take a while to burn through this surplus, even though there is very little speculative office construction underway.

RETAIL MARKET OVERVIEW

Lincoln's retail market has rebounded significantly from the recent recession with the vacancy rate dropping to its lowest point since 2008 at 6.4 percent. Most sectors have seen considerable new construction and redevelopment of older buildings. The Larson Building, which is the Central Business District's largest new construction project in recent years, added just under 15,000 SF of street level retail, a new parking facility, and residential units.

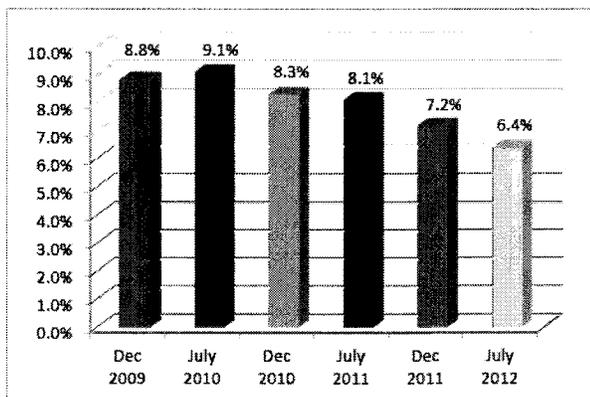
Table 6: CBD Retail Market

SUBMARKET	CLASS	# BLDGS	TOTAL RENTABLE SF	TOTAL AVAILABLE SF	% VACANT	NET ABSORPTION	AVG ASKING RATE (\$/SF/YR)
CBD	CLASS A	4	82,835	5,276	6.4%	(2,295)	\$14.00
	CLASS B	125	1,056,884	89,301	8.4%	(688)	\$9.14
	CLASS C	63	357,862	61,140	17.1%	11,660	\$7.62
	NEW	1	14,839	9,839	66.3%	5,000	\$25.00
	SUBTOTAL	193	1,512,420	165,556	10.9%	13,677	\$9.68

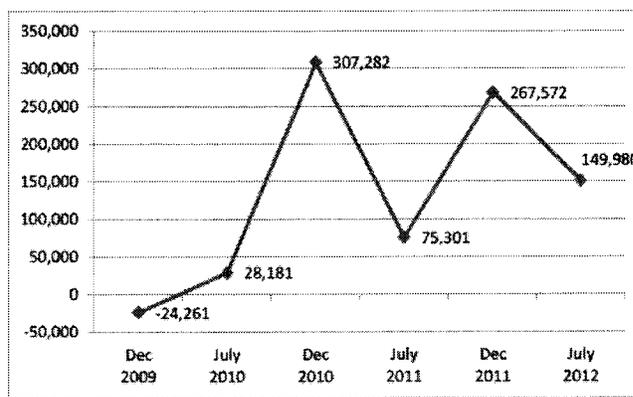
Source: NAI FMA Realty Market Report for First Half 2012

Figure 7: Retail Market

Historical Vacancy Rates



Historical Net Absorption (Square Feet for Six Months Ending)



Source: NAI FMA Realty Market Report for First Half 2010

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Large national chains are leading the way for a large portion of the retail development in the city. Whole Foods will anchor the retail portion of the Lincoln Public Schools' new district office site at 59th & 'O' Streets. The 30,000 SF store is set to open late 2013 along with 11,600 SF of other retail space in the development. CVS Pharmacy purchased a retail center in the southeast submarket for \$2,999,000 so that it can remove the existing center and build a new store. CVS just opened a new 14,000 SF store in the southwest submarket at 16th & South Streets. Sam's Club began construction on its second location in the city, a 136,000 SF store next to Wal-Mart on 84th & Highway 2. Wal-Mart announced plans to build a new supercenter in southwest Lincoln. Aspen Fitness entered the Lincoln market a year ago and has already opened a temporary second location until its 20,000 SF facility, which is currently under construction, is completed near 16th & Pine Lake Road.

Overall Lincoln experienced positive net absorption with 149,980 SF being absorbed since the last reporting period. The southeast submarket experienced the largest amount of absorption due in large part to Gallup occupying 42,000 square-feet in a former "big box" store that has been converted to a multi-tenant center.

Lincoln's regional shopping centers are thriving with over 90% occupancy. The former Westfield Gateway Mall, now called Gateway Mall, was recently purchased by Starwood Capital Group as part of a \$1.1 billion deal that involved the purchase of seven shopping centers throughout the United States. New concepts to Lincoln include Yogurtini, My Gym, and Pancho's Mexican Grill with Wahoo's Fish Tacos and Fuzzy's Tacos expected to open in downtown this fall. Additionally, Dickey's BBQ and Raising Canes will be opening their second Lincoln locations in the downtown area soon.

Overall, the NAI FMA Realty Market Report for First Half 2012 reports that Lincoln's retail market continues to thrive. Net absorption is positive and vacancy rates are at the lowest levels seen in several years, decreasing to 6.4 percent (down from 9.1 percent in 2010). Asking rents are rising across all the building classes and construction is visible in all sectors of the city.

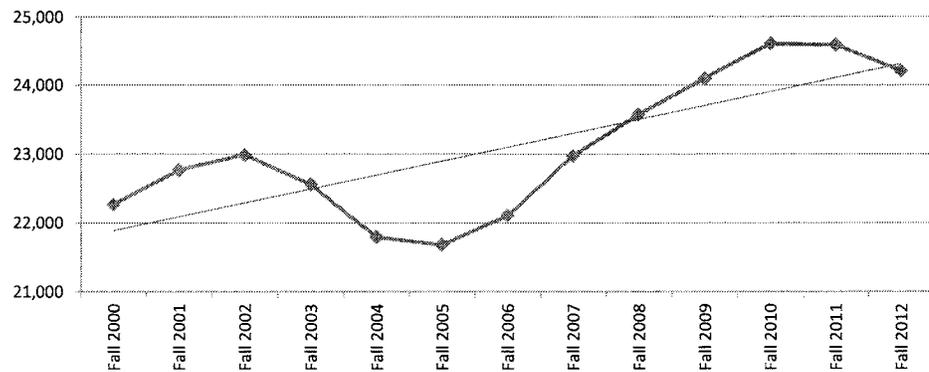


UNIVERSITY OF NEBRASKA - LINCOLN

The University of Nebraska-Lincoln (UNL) campus is situated on the northern border of downtown Lincoln. Student enrollment took a slight dip in 2012. Total enrollment at the University of Nebraska-Lincoln is 24,207 for fall 2012, according to its Office of Institutional Research and Planning. This is a decrease of 1.6 percent compared to fall 2011. The following table and figure illustrates the change in UNL enrollment from fall 2000 to fall 2012.

Figure 8: UNL Historical Student Enrollment

Fall 2000	22,268
Fall 2001	22,764
Fall 2002	22,988
Fall 2003	22,559
Fall 2004	21,792
Fall 2005	21,675
Fall 2006	22,106
Fall 2007	22,973
Fall 2008	23,573
Fall 2009	24,100
Fall 2010	24,610
Fall 2011	24,593
Fall 2012	24,207



Source: University of Nebraska-Lincoln

The growth during this period indicates an average compounded enrollment growth rate of 0.7% per year since fall 2000. However the growth rate since the last low point in 2005 to the current moderation of 2012 is 1.6% per year.

The UNL campus is home to the Nebraska Cornhuskers, the newest entrant to the Big 10 Conference. Constructed in 1923, Memorial Stadium originally held 31,000 spectators. Several expansion projects have been undertaken in the past, thereby increasing the stadium seating capacity to 74,031. The stadium holds an ongoing NCAA record of 321 consecutive sellouts, which began in 1962. With the anticipated 2013 completion of the new east stands expansion, new skyboxes, new covered/heated club seating, and additional general admission seating, total capacity will be approximately 87,000. With six to seven home games a season that draw sellout crowds, the Cornhuskers football program brings 450,000 to 525,000 people to downtown Lincoln every season. Nearly every parking facility in downtown Lincoln offers game day parking at a special event rate. Additionally, UNL runs a shuttle bus, "The Big Red Express," from area malls and shopping centers to Memorial Stadium.

The campus' presence is noticed throughout the city. Students dine in downtown restaurants, shop in downtown shops, visit downtown entertainment centers and districts such as the Haymarket, and are employed by downtown businesses.

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DOWNTOWN LINCOLN PROJECTS

While not immune to the current economic downturn, Lincoln is faring relatively well. The Chamber of Commerce reports that approximately \$1.8 billion in projects are underway or planned downtown or near downtown. A number of these developments are public/private projects with significant public participation.

Larson Building: The 10-story, 283,200 SF mixed-use "Urban 38/Catalyst" building project, now known as the Larson Building, was constructed in the heart of the downtown business district, located at 13th/14th and 'P'/'Q' Streets. It includes retail stores on the first floor, six floors of parking, and three floors of apartments above the garage levels. The project encompasses half a city block on the location of the old Starship Movie Theatre. The northern edge of the property runs parallel to the University of Nebraska's main campus. The western edge runs along Lincoln's financial corridor and is in close proximity to the 'P' & 'Q' Street Retail Corridor. The project contains an estimated 17,500 SF of leasable retail space and the parking levels provide 650 spaces of City-operated parking. The top three floors include 33 apartments that are designed for university students or recent graduate tenants (up to 180 residential occupants). The apartments range in size and configuration from 650 SF to 1,600 SF for two to four bedroom suites. The building also has a fitness facility, a common lounge area, and an open rooftop area.

The Arena: The City is building the new Pinnacle Bank Arena in the Haymarket District. Supporting improvements include three parking garages and new streets and bridges. Private developers are developing \$100 million in accompanying shops, offices, apartments and hotels near the arena.

Color Court Redevelopment: Block 85 Redevelopment includes the reconstruction and reuse of three historic building in the Haymarket. The project is just under a city block in size and will be the home to the State's first LEED Platinum Historic Renovation project (Block 85 Redevelopment). The project includes 185 Parking Stalls. The cost is reported at \$7.6 million, including about \$800,000 in public participation.

Nebraska Innovation Campus: The University of Nebraska-Lincoln now owns the 250-acre State Fair Park and is converting the grounds into a research and development project called Innovation Campus. Although it will take about two decades before it's fully built, the first five-year phase will include the 4-H Building renovation, a new USDA Agricultural Research Service building, and possibly a hotel and a building that would house smaller businesses. The cost is projected at approximately \$800 million, with some public participation.

Assurity Building: Assurity Life Insurance Co. is completing a five-story, 175,000 SF corporate headquarters at 20th Street and 'Q' Street, next to the Union Plaza Park under construction in the Antelope Valley Project. The Assurity Center will be the new world headquarters for Assurity Life Insurance Company. The project includes a 500+ stall parking garage, and over 3 acres for future development. The cost is projected at approximately \$56 million, with \$7.2 million in public participation.

UNL Dormitories: The University of Nebraska-Lincoln is building a five-story 550-student residence hall at 17th Street and R Street. The cost is approximately \$40.5 million.

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UNL Physical Sciences Building: The University of Nebraska-Lincoln is building a four-story physical sciences facility to house physics and astronomy labs, offices and classrooms on 16th Street between Vine and 'W' Streets. The cost is approximately \$37 million.

Block 68 Hotel, Apartments and Retail: Property owner Randy Acher and partners plan to construct a 110-room hotel, a two-floor entertainment center, and 110 apartments with ground-level retail on the block bounded by 10th, 11th, 'M' and 'N' Streets. The cost is reported at approximately \$30 million, with \$4.4 million in public participation.

Marriott Hotel and Sheldon Extension: WRK, Woodbury and the University of Nebraska-Lincoln are redeveloping the former Bison Books warehouse site (which has been demolished) into a 166-room hotel. The site includes most of a city block at the corner of Eighth and 'R' Streets in the Haymarket District. The cost is reported at approximately \$25 million, including up to \$2.8 million in public participation.

Hilton Hotel and Retail: B&J Partnership plans a 105-room, four-story hotel, 60 apartments and retail on the block bordered by Eighth, Ninth, 'Q' and 'R' Streets in the Haymarket District. B&J plans to renovate two buildings and construct a new building with a brick façade. The cost is reported at approximately \$18 million, including up to \$2.9 million in public participation.

Farmers Mutual Insurance Company Headquarters: Farmers Mutual Insurance Company of Nebraska is in the process of building a three-story, 45,000 SF building on the block bounded by 12th, 13th and 'K' Streets, and Lincoln Mall. The cost is reported at \$15 million.

Neighborworks: Neighborworks, a non-profit that works to improve older neighborhoods, is building a new headquarters in Antelope Valley, in the area bounded by 'P', 'Q', 23rd and 24th Streets. The cost is reported at \$8.2 million, including up to \$636,000 in public assistance.

Sidles Office Building: Frank Sidles plans to demolish a one-story commercial building and a four-story apartment building to make way for a three or four-story office building on the southeast corner of 13th and 'L' Streets.

Kaplan University Expansion: Kaplan University is completing a renovation and expansion of its campus at 19th and 'K' Streets. The cost is reported at \$5 million.

UNL Parking Garage: The University of Nebraska-Lincoln has completed a new parking structure at 19th and Vine Streets that will provide approximately 1,040 parking spaces, plus an adjacent surface parking lot with about 60 spaces. These facilities will be available only to UNL parkers.

Downtown Lofts: Developer Monte Froehlich recently remodeled the W.C. Shinn building near 16th and 'O' Streets into 14 loft-style apartments. The cost is reported at \$1 million.



CITY OF LINCOLN PARKING OPERATIONS

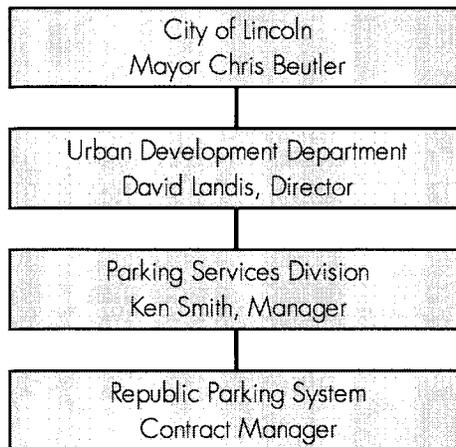
The Parking Services Division of the Urban Development Department coordinates and manages the parking operations for the City of Lincoln.

The primary objective of the Urban Development Department is the revitalization and maintenance of low and moderate income communities as productive and vigorous parts of the City as a whole. Strategies and programs are created, many using federal financial resources, which:

- Coordinate existing city wide resources - both public and private,
- Develop leadership at the individual, neighborhood, and agency level,
- Eliminate barriers - physical, social and economic, and
- Create economic and employment opportunities.

The Urban Development Department has six divisions: Administration which includes Downtown Redevelopment; Community Development; Housing Rehabilitation and Real Estate; Workforce Investment Administration; One Stop Employment Solutions (Workforce Investment Act Program); and Parking Services. The following figure illustrates the organization of parking services within the city's organizational structure.

Figure 9: Organizational Chart



Source: City of Lincoln

The responsibilities of Parking Services include on-street and off-street spaces throughout the city, validation programs, enforcement, event parking, garage advertising, and community relations outreach efforts that include maps, newsletters, websites that promote monthly and short-term/visitor programs, facility information, parking specials, express park, and ePay services. The City Parking Manager works with the contracted parking operator, Republic Parking System, to oversee the daily operation of off-street parking facilities and on-street parking enforcement.

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PARKING REVENUE FUND

The City of Lincoln Parking Services operates out of the Parking Revenue Fund. It operates much like a private business by covering expenses through user fees. These fees are used to pay for parking management, staffing, and construction of new parking facilities, maintenance, parking studies, and new technology. Parking ticket revenues cover the administrative costs that are associated with the ticket. Remaining funds go to Lincoln Public Schools.

BRANDING

The daily operation of off-street parking facilities are consolidated and marketed under the "Park & Go" identity. "Park & Go" includes those parking structures and surface lots owned by the City and located within the Central Business District. New signage displays the following logos.



MISSION STATEMENT

"The Parking Section is defined by using appropriate strategies and oversight to promote compliance with its mission and related goals. This is done by supporting existing and future land uses, assisting the City's economic development initiatives, and preserving parking by providing adequate and high quality parking resources and related services for all users while maintaining and/or increasing revenues to support future parking development." (<http://parkandgo.org/about/mission-vision/>)

VISION STATEMENT

"To protect the City's investment in the parking system by maintaining and improving on a safe, reliable, and efficient parking facilities and equipment. There will be a continuing need to maintain and improve the City's existing and future parking facilities and equipment. This will be accomplished by utilizing the necessary training, technologies, and modern equipment. The City of Lincoln's Parking Section will meet escalating public demands, by increasing the system's ability to be more efficient, accountable, and responsive. The parking system will continue to efficiently serve the public with the highest standards of quality, safety, and responsiveness while working to increase public parking effectiveness." (<http://parkandgo.org/about/mission-vision/>)

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VALIDATION PROGRAMS

The City of Lincoln provides Parking Validation programs for the benefit of visitors and employees to the Downtown area. Many Downtown restaurants and retail merchants participate in some Parking Validation program. Programs are tailored to meet the needs of different types of parkers.

Monthly Parking: Monthly parking allows parkers to pay for an entire month of parking and receive unlimited "in/out" or "on/off" lot access privileges during the month. These accounts will remain active until a cancellation request is submitted. Monthly parking commences on the 1st or the 15th of the current month. Most facilities require key cards that operate the gates for entry into and exit out of the parking facility. There is a small charge upon the issuance of key cards. Permits are not prorated for other start dates. No refunds are issued when the account holder cancels.

First Hour Free: Park & Go city garages offer a FREE first hour, and reserved spaces are signed on the first floor of garages as Shopper Zones for the customers' convenience.

Express Park: Express Park equipment lanes provide pay-at-exit auto-cashier equipment that accepts credit cards, debit cards, and validations for payment. Most City-owned facilities have an attendant on duty, but not around the clock. That is why Express Park equipment lanes are available at all of our facilities.

i-Park Card: A prepaid, value card may be used to enter and exit the parking facilities. It eliminates the need for cash and check payments and speeds up the time it takes to exit the garage. Patrons can pick up an i-Park card at any participating merchant, the main parking office or any staffed City garage. Once a card is activated, the card may be swiped upon entry and exit from a garage. After exit, the time spent in the garage is calculated and the appropriate fee is deducted from the i-Park card balance. i-Park participants receive a 15% discount on parking. Following are the available increments and the discounted rate.

<u>Cost</u>	<u>Parking Value</u>
\$21.25	\$25
\$42.50	\$50
\$63.75	\$75
\$85.00	\$100

i-Park Cards are valid, and regular rates apply, at the following facilities:

Carriage Park	11th & L Streets
Center Park	11th & N Streets
Cornhusker Square	12th & L Streets
Haymarket	9th & Q Streets
Larson Building	14th & Q Streets
Market Place	10th & Q Streets
Que Place	11th & Q Streets
University Square	14th & P Streets

i-Park Card holders have access to these facilities 24 hours a day, 7 days a week, subject to availability.

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Park & Go Plus: Businesses can purchase validation tickets of one-hour and four-hour time frames. One hour tickets cost \$1.00 and four hour tickets cost \$4.00. Validation tickets can be purchased at the City Parking Office located at 850 'Q' Street. Businesses can use the tickets to offer patrons free parking, and validate part-time employee parking. If employees use the tickets, it is assumed that more on-street parking is open for potential patrons.

Validation coupons are valid and regular rates apply at the following City owned parking facilities:

Carriage Park	11th & L Streets
Center Park	11th & N Streets
Cornhusker Square	12th & L Streets
Haymarket	9th & Q Streets
Larson Building	14th & Q Streets
Lumberworks Lot	7th & O Streets
Market Place	10th & Q Streets
Que Place	11th & Q Streets
University Square	14th & P Streets

Participants have access to these facilities 24 hours a day, 7 days a week, subject to availability.

Student Park: The Parking Services Division created the Student Park card for students who are attending classes in the downtown area. It provides a 35% discount and eliminates the need for cash and check payments. To acquire a Student Park card, a parker must show a current Student ID and class schedule with name. Cards are swiped at the entrances and exits of the facilities. Each time the card is used to exit the facility, a monetary amount is deducted from the card in accordance with the amount of time spent in the facility. Participants receive a discount on parking at the following rates:

<u>Student Cost</u>	<u>Parking Value</u>
\$13	\$20
\$26	\$40
\$39	\$60
\$52	\$80
\$65	\$100

Student Park cards are valid, and regular rates apply during these times:

Carriage Park	11th & L Streets	24/7 Access
Center Park	11th & N Streets	3p.m.-10p.m. Mon-Fri
Cornhusker Square	12th & L Streets	12a.m.-6p.m. Mon-Fri
Haymarket	9th & Q Streets	12a.m.-6p.m. Mon-Fri
Market Place	10th & Q Streets	12a.m.-6p.m. Mon-Fri
Que Place	11th & Q Streets	12a.m.-6p.m. Mon-Fri

Note: If you use the Student Park card outside these times, a \$1.00 auxiliary fee is charged. This card does not work at the Larson Building & Garage or University Square at any time.

PROPOSED LUMBERWORKS GARAGE

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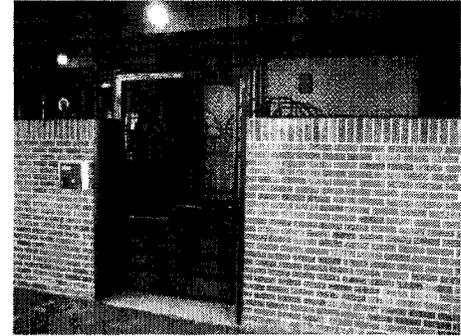


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Bike Corral: Mayor Chris Beutler inaugurated the City's first bike corral, a secure long-term bicycle parking facility in downtown Lincoln, on April 2, 2009. The corral is located within the Center Park Garage and has room for more than 40 bicycles. The need for such a facility was identified by a 2004 survey conducted by the Multi-Modal Transportation Task Force. The project is an effort of the Great Plains Trails Network and the City departments of Planning, Public Works, Health, and Urban Development. A portion of the funding was provided as a result of a supplemental environmental project with NEBCO Inc. The corral makes use of space in the garage that was otherwise not usable. A \$5.00 monthly fee is charged for non-monthly parkers. There is no charge for those who pay for monthly vehicle parking and choose to ride a bike periodically. The Bike Corral supports the bicycle lanes in place and use in downtown Lincoln.



Special Event Parking: A flat rate is charged for certain events held in the Downtown area. These rates are charged just for the event and will vary from event to event. Parkers can contact the City Parking Office at 441-PARK to find out how much parking will cost at a special event or look for special event parking rate signs at each facility.

The Grand Theatre Parking: When attending a movie at the Grand Theatre, the patron can receive three (3) hours of free parking at the Center Park Garage, only (except during home football games). The parking garage ticket must be presented to the box office for validation at the same time the theatre ticket is purchased.

Parking facilities located within the Grand Theatre marketing area include the following:

- Center Park Garage - 12th & 'N'
- Haymarket Garage - 9th & 'Q'
- Market Place Garage - 10th & 'P'
- Que Place Garage - 11th & 'P'
- Rampark Garage - 12th and 'P'
- Larson Building Garage - 13th and 'Q'
- University Square Garage - 14th & 'P'
- Carriage Park Garage - 11th & 'M'
- Cornhusker Square Garage - 13th & 'M'

HAYMARKET SPECIALS

Baseball Special: If your plans include dinner, shopping and a baseball game, you can do it all by heading to the Historic Haymarket. The Haymarket Parking Garage is offering a \$3.00 max. rate beginning at 5:00 p.m. Monday-Friday, and running all day Saturday and Sunday when the Saltdogs or Husker baseball teams are playing at Haymarket Park.

Farmers' Market Special: Before browsing for fresh produce and baked goods, park your car at the Haymarket Garage for only \$3. Offer is good on Saturdays during the Farmers' Market.

PROPOSED LUMBERWORKS GARAGE

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HAYMARKET DEVELOPMENT PROJECTS

A vote on the Lincoln Haymarket Arena was approved as part of the State Primary Election ballot on May 11, 2010. The Arena project has been developed through an extensive process of community engagement, study and taskforce research.

Table 7: Proposed Near-Term Development Projects to be Located in the Haymarket District

Name/Description of Project	Status	Projected Opening Date
Arena – 16,000 seats	Under construction	9/15/2013
70,000 SF – Olson Assoc. Corporate HQ and other professional services; 10ksf 1 st floor commercial	Developer selected; negotiations to begin	7/31/2013
R St. Residential – 92.5ksf (SW corner of R & Canopy) 23k commercial; city to park 280 cars at \$65/month.	Signed contract in place with developer	8/13/2013
The Railyard (NW corner of Q & Canopy); 49ksf commercial	No signed contract	12/1/2013
Hyatt Place Hotel (west side of Canopy); 110 rooms	No signed contract	12/1/2013
Marriott Courtyard Hotel – 154 rooms plus 8ksf restaurant (NE corner of 8 th and R)	Under construction	10/20/2012 grand opening
Hilton Garden Inn (NW corner of 8 th & R); 105 rooms and 14ksf commercial; 60 1&2 BR apts.	Signed contract; Haymarket development agreement includes provisions for city to provide parking	7/1/2013
Southside of P, east of 7 th ; 8.5ksf restaurant – B&j Development	Under construction	1/1/2013 opening

Sources: City of Lincoln and PC Sports

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Table 8: Proposed Changes to Parking Supply in the Haymarket District

	Owner	Capacity	Projected Year to Go:		Comments
			Off-Line	On-Line	
VIP Garage	JPA	286	Under construction now	9/15/2013	Built adjacent to arena
Festival Lot	JPA	1,400	Under construction now	9/15/2013	SMG to operate
Parking Deck #1	JPA	947	To be constructed	8/1/2013	
Parking Deck #2	JPA	691	Tentative plans to construct		
Parking Deck #3	JPA	947	To be constructed	8/1/2014	Developer selected; City to provide 250 spaces to Olson for \$65/month.
West Depot Lot	JPA	97	7/1/2013	9/12/2012	Temporary parking
West Depot Lot Ph.2	JPA	34	3/30/2014	9/12/2012+	Temporary parking
West Depot Lot 2A Optional	JPA	60	2015+	10/1/2012	Temporary parking
West Depot Lot 2B Optional	JPA	??	2015+	10/1/2012	Temporary parking
N Street Rock Lot	JPA	??	2015+	10/1/2012	Temporary parking
Lumberworks Lot	City	-87	9/15/2012	Open now	City to lose revenue effective 9/15/2012
BNSF Lot	BNSF	75	4/1/2013	Open now	City to provide 75 spaces w/in 500' of BNSF offices at no cost in perpetuity
Ironhorse Lot	City	-159	9/15/2012	Open now	City to lose revenue effective 9/15/2012

Sources: City of Lincoln and PC Sports

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HAYMARKET DEVELOPMENT SUMMARY:

1. Iron Horse Lot will be permanently lost.
2. Lumberworks Lot (93 spaces) to be lost.
3. BNSF (75 privately-owned spaces) to be lost; to be supplied by city or JPA in another facility free of charge in perpetuity.
4. Construction workers are parking in the Haymarket District now.
5. District Energy Building – has no usable space; it only houses HVAC for the Pinnacle Bank Arena.
6. Garage will be located west of District Energy Building.
7. Temporary surface parking will be built north and south of O Street.
8. Three hotels will be added – Marriott Courtyard, Hampton Inn, and Hyatt Place. Marriot is under construction and is located at the northeast corner of 8th and R. An October 2012 opening is planned.
9. The Joint Public Agency (“JPA”) is developing and financing the Pinnacle Bank Arena and much of the ancillary development through public financing, including the VIP Garage to be located adjacent to the arena and Decks #1, #2, and #3.
10. UNL and the JPA have an agreement for the JPA to provide UNL with 500 spaces and revenue from 500 spaces in Parking Deck #1 for UNL men’s home basketball games.
11. The JPA agreement between the City and the JPA stipulates that the City’s Parking Services Division will set and control parking rates in the JPA parking facilities.

PROPOSED LUMBERWORKS GARAGE

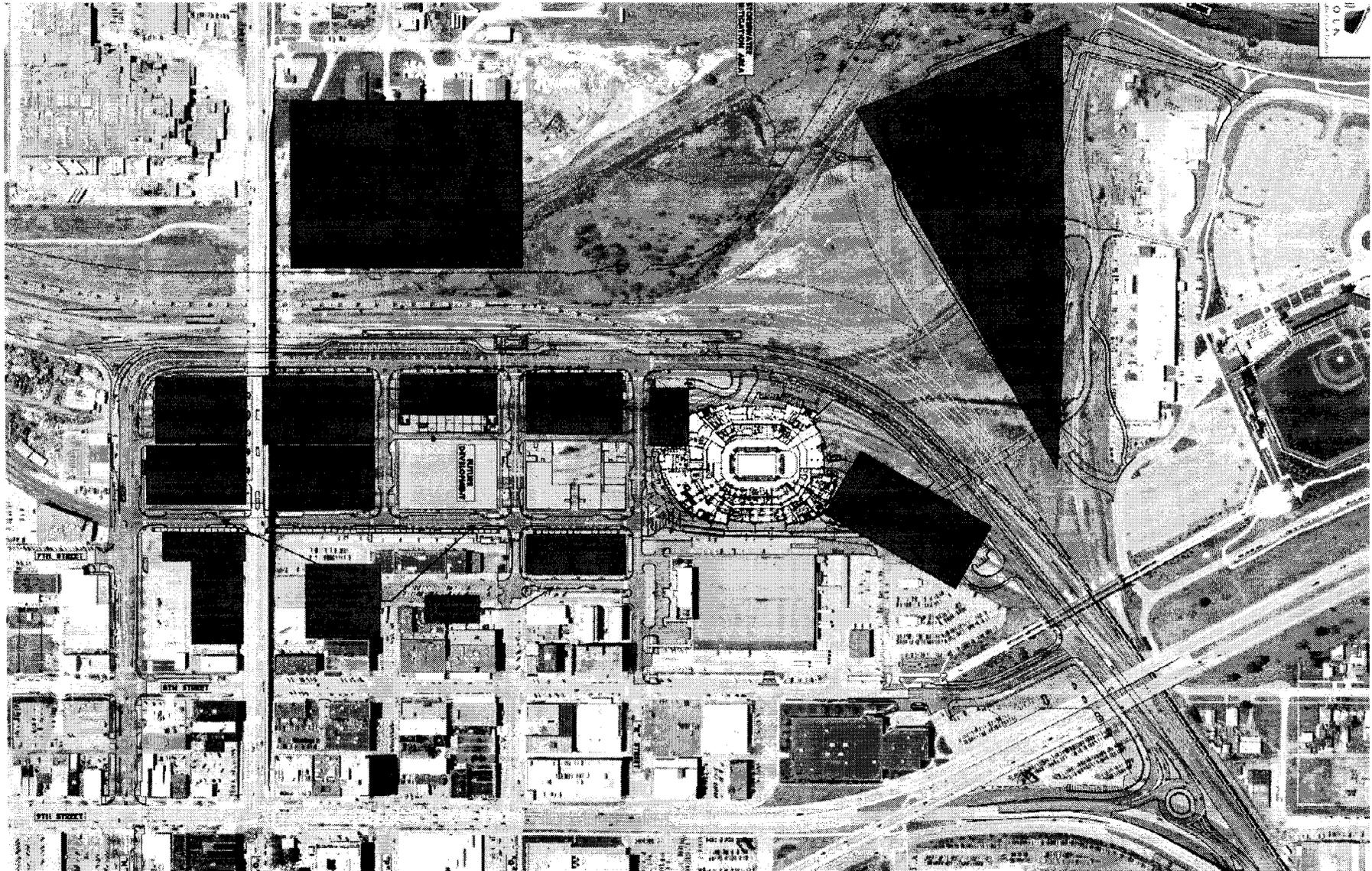
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Figure 10: Haymarket District Conceptual Parking Plan



PROPOSED LUMBERWORKS GARAGE

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ON-STREET PARKING

The City of Lincoln operates a total of 2,318 parking meters in the downtown area. The metered spaces are located throughout downtown Lincoln and are enforced by the Parking Services Division. On Husker home game days, the Parking Services Division offers hangtags for all-day parking at any on-street meter. These hangtags are available for \$9.00 each.

CBD rates for 1,300± spaces will be increased from \$0.50 to \$1.00 per hour. An estimated 200-250 of these are located in the Haymarket District. Outlying areas that include 100± meters will be increased from \$0.25 to \$0.50 per hour. City to decide what to do about meter rates at remaining 900± spaces. City plans to add about 450 additional metered spaces. City Council has already approved the rate increases. No rate reductions are planned.

The Parking Services Division has budgeted \$650,000 for the new meters, and has this money set aside in the current operating budget to make outright cash purchase. The new meters are planned to be installed by the end of the year 2012. The new meters will accept credit cards, payment by cell phone, and IPark card.

Meters are enforced from 8:00 a.m. to 6:00 p.m. Monday through Saturday. Meters are not enforced on Sundays and six major holidays – New Year’s Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

No extension of enforcement hours or days is planned. Colored meter posts indicate time limits for metered spaces to coordinate maximum durations that were established depending on the desired parking turnover in the area. All meters have different time restrictions and rates, which are posted on the meter. The purpose of time limits on parking meters is to ensure that parking spaces regularly become available for customers of area businesses and visitors to the area.

Table 9: Metered Space Time Limit Color Descriptors

White	10 Minutes
Red	30 Minutes
Yellow	60 Minutes
Orange	90 Minutes
Green	2 Hours
Brown	5 Hours
Blue	10 Hours

Vehicles are ticketed for remaining longer than the time restriction shown on the meter. It is illegal to deposit additional coins in the meter after the time limit has been reached, also called “plugging” the meter. Fines for expired time are \$10.00. If a citation is not paid within seven days the cost will increase by \$15.00.

As the city adds smart parking meters, it expects to see a revenue uptick as a result of credit card acceptance. Walker reports that a 20% uptick has been commonly experienced by other cities.

PROPOSED LUMBERWORKS GARAGE

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Parking meter revenue flows through the City's parking enterprise fund. At the end of the year, some of the meter revenues and parking fines income are transferred to the City's general fund. The city parking enterprise carries the cost of enforcement. The City is now on a two-year budget cycle. The fiscal year is Sept. 1 to August 31.

The parking enterprise transfers \$685,000 per year to the City's general fund. At the end of the fiscal year ending August 31, 2013, this amount will increase by \$750,000 per year for a total of \$1,435,000. The transfer is made on August 15 of each year. This transfer will be held constant throughout the parking study projection period; in other words, the amount is not increased.

MUNICIPAL PARKING FACILITIES

The City of Lincoln controls approximately 9,451± spaces within the Central Business District. These spaces are distributed amongst the following categories: 4,732 spaces in parking structures, 460 spaces in surface parking lots, 159 spaces in the County/City parking deck, and 4,100± spaces on-street. Of these on-street spaces, about 2,400 spaces are metered.

All City-owned parking structures are operated by an outside parking operations management company and overseen by the city-employed parking manager. These City-owned facilities are primarily located near the center of downtown within the study area.

The following is a list of City-owned structured parking facilities, their locations, capacities and other relevant information. Numbers are for identification purposes, only.

PROPOSED LUMBERWORKS GARAGE

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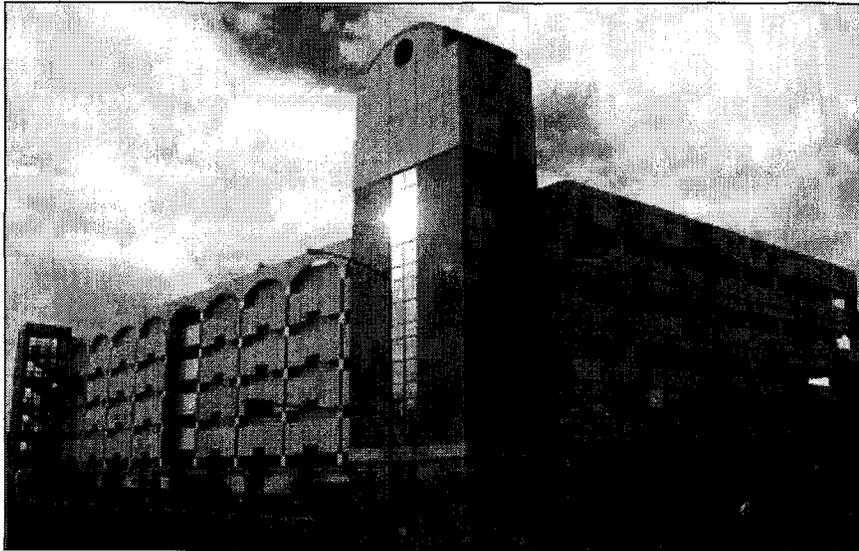


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MUNICIPAL PARKING FACILITY #1



Carriage Park Garage

1128 L Street

City of Lincoln Owned and Operated

Opened: 1996

Capacity: 704 spaces

Attendant, Express Park

Clearance: 7'6"

Skywalk

Daily Rate: 1st hour free, \$1 per hour thereafter

Maximum. \$9 all day

Lease Rate: \$65 per month

On-Line Football Rate: \$13

Day-of-Game Football Rate: \$15

Validation programs available at this facility:

i-Park, Park & Go Plus, Student Park

PROPOSED LUMBERWORKS GARAGE

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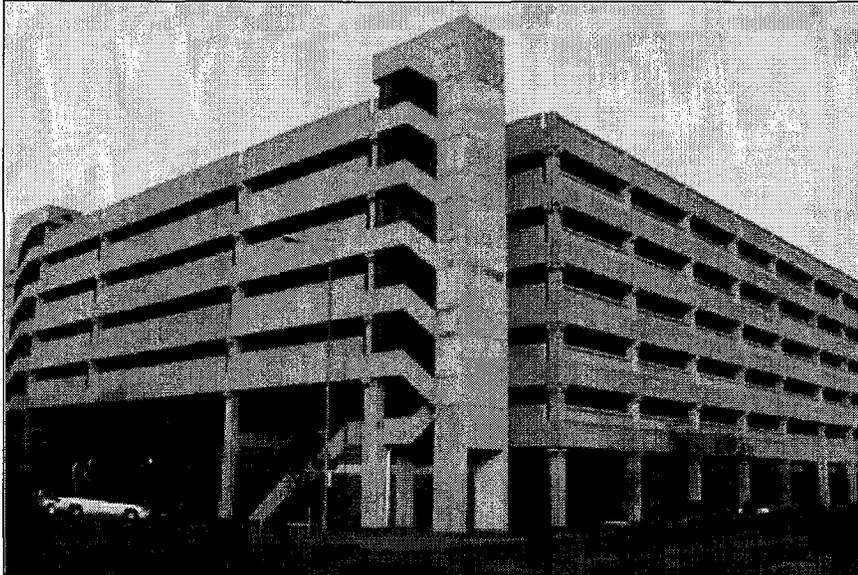


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MUNICIPAL PARKING FACILITY #2



Center Park Garage

1120 N Street

City of Lincoln Owned and Operated

Opened: 1978

City of Lincoln Owned and Operated

Capacity: 1,061 spaces

Clearance: 6'10"

Attendant, Express Park

Skywalk, bike corral

Daily Rate: 1st hour free, \$1 per hour thereafter

Maximum. \$9 all day

Lease Rate: \$80 per month, or \$95 reserved

On-Line Football Rate: \$13

Day-of-Game Football Rate: \$15

Validation programs available at this facility:

i-Park, Park & Go Plus, Student Park, Grand Theatre parking.

PROPOSED LUMBERWORKS GARAGE

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MUNICIPAL PARKING FACILITY #3



Cornhusker Square Garage

1120 L Street

City of Lincoln Owned and Operated

Opened: 1984

Capacity: 394 spaces

Clearance: 6'8"

Attendant, Express Park

Skywalk

Daily Rate: 1st hour free, \$1 per hour thereafter

Maximum. \$9 all day

Lease Rate: \$70 per month, or \$85 reserved

On-Line Football Rate: \$13

Day-of-Game Football Rate: \$15

Validation programs available at this facility:

i-Park, Park & Go Plus, Student Parking

PROPOSED LUMBERWORKS GARAGE

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MUNICIPAL PARKING FACILITY #4



Haymarket Garage

848 Q Street

City of Lincoln Owned and Operated

Opened: 1984

Capacity: 409 spaces

Clearance: 8'2"

Attendant, Express Park

Daily Rate: 1st hour free, \$1 per hour thereafter

Maximum: \$9 all day

Lease Rate: \$60 per month

On-Line Football Rate: \$13

Day-of-Game Football Rate: \$14

Validation programs available at this facility:

i-Park, Park & Go Plus, Student Park

PROPOSED LUMBERWORKS GARAGE

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MUNICIPAL PARKING FACILITY #5



Market Place Garage

925 Q Street

City of Lincoln Owned and Operated

Opened: 2000

Capacity: 385 spaces

Clearance: 7'

Attendant, Express Park

Skywalk

Daily Rate: 1st hour free, \$1 per hour thereafter

Maximum: \$9 all day

Lease Rate: \$60 per month

On-Line Football Rate: \$16

Day-of-Game Football Rate: \$20

Validation programs available at this facility:

i-Park, Park & Go Plus, Student Parking

PROPOSED LUMBERWORKS GARAGE

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MUNICIPAL PARKING FACILITY #6



Que Place Garage

1111 Q Street

City of Lincoln Owned and Operated

Opened: 1995

Capacity: 809 spaces

Clearance: 7'2"

Attendant, Express Park

Skywalk

Daily Rate: 1st hour free, \$1 per hour thereafter

Maximum: \$9 all day

Lease Rate: \$70 per month with no expected rate changes

On-Line Football Rate: \$16

Day-of-Game Football Rate: \$20

Validation programs available at this facility:

i-Park, Park & Go Plus, Student Parking

PROPOSED LUMBERWORKS GARAGE

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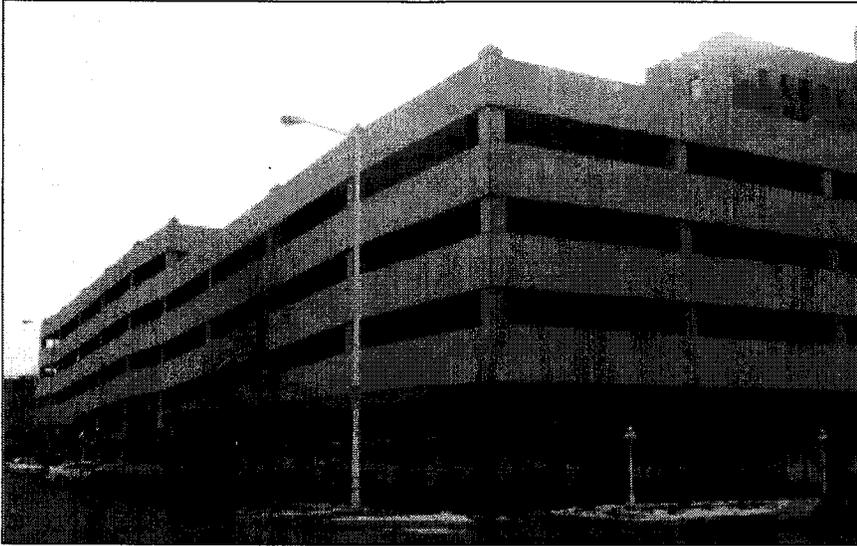


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MUNICIPAL PARKING FACILITY #7



University Square Garage

101 North 14th Street

City of Lincoln Owned and Operated

Opened: 1990

Capacity: 437 spaces

Clearance: 7'

Attendant, Express Park

Daily Rate: 1st hour free, \$1 per hour thereafter

Maximum: \$9 all day

Lease Rate: \$75 per month, \$85 reserved

On-Line Football Rate: \$16

Day-of-Game Football Rate: \$20

Validation programs available at this facility:

i-Park, Park & Go Plus, (no student cards accepted)

PROPOSED LUMBERWORKS GARAGE

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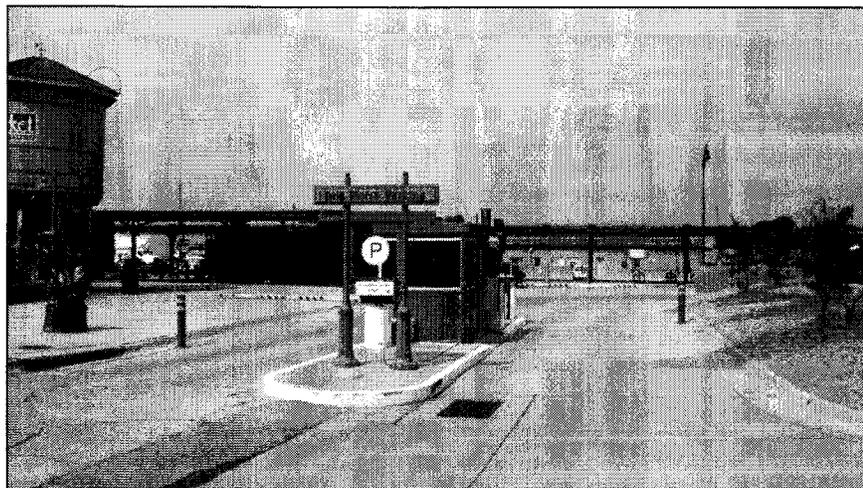


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MUNICIPAL PARKING FACILITY #8



Iron Horse Lot

7th and Q Street

City of Lincoln Owned and Operated

Capacity: 159 spaces

Daily Rate: 1st hour free, \$1 per hour thereafter

Maximum. \$9 per 24 hours

Unattended, Express Park

Lease Rate: \$45 per month

On-Line Football Rate: \$13

Day-of-Game Football Rate: \$14

Validation programs available at this facility: i-Park, Park & Go

Plus, Student Park

This lot is closed due to construction developments.

PROPOSED LUMBERWORKS GARAGE

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MUNICIPAL PARKING FACILITY #9



Lincoln Station Depot South Lot

7th and 'O'/'P' Streets

City of Lincoln Owned and Operated

Capacity: 93 spaces

Daily Rate: \$0.50 per hour meters

Unattended

Lease Rate: N/A

Day-of-Game Football Rate: \$20

Validation programs available at this facility: None

PROPOSED LUMBERWORKS GARAGE

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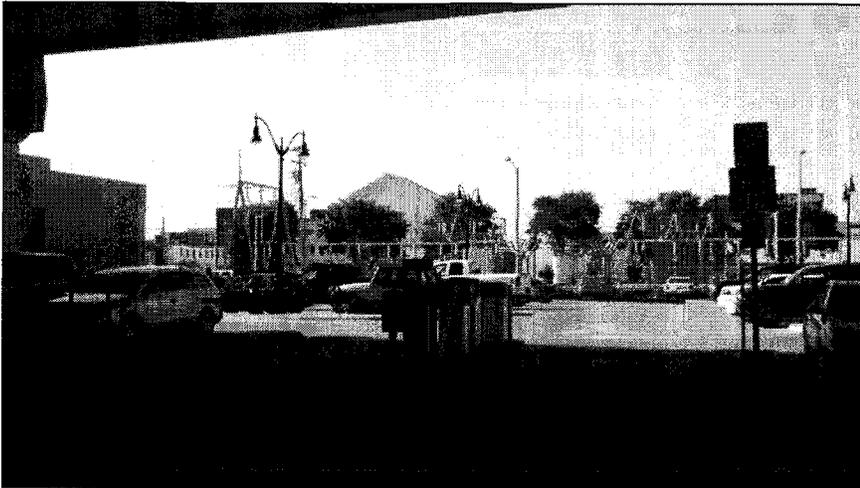


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MUNICIPAL PARKING FACILITY #10



Lumberworks Lot

7th and 'O' Street

City of Lincoln Owned and Operated

Capacity: 87 spaces

Daily Rate: No 1st hour free, \$1 per hour

Maximum. \$9 per 24 hours

Unattended, Express Park

Credit Card Only

Validation programs available at this facility: i-Park, Park & Go

Plus, Student Park

This lot will be tentatively closed effective September 15th due to pending construction developments.

PROPOSED LUMBERWORKS GARAGE

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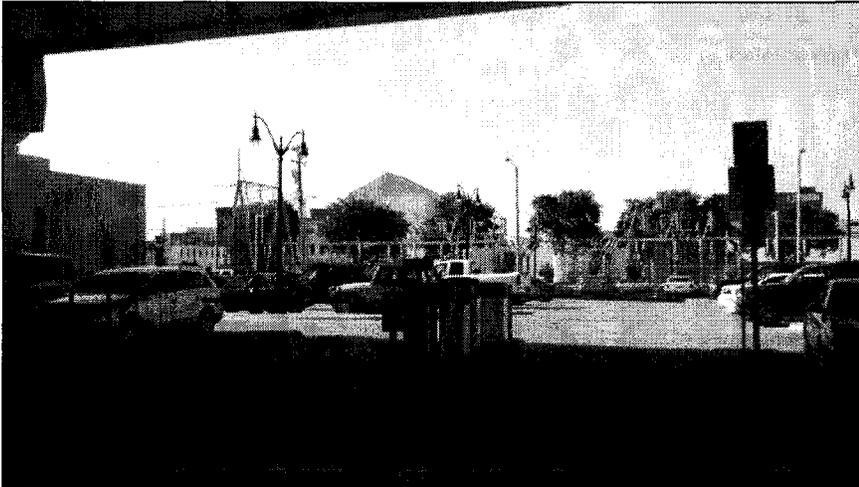


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MUNICIPAL PARKING FACILITY #10



Lumberworks Lot

7th and 'O' Street

City of Lincoln Owned and Operated

Capacity: 87 spaces

Daily Rate: No 1st hour free, \$1 per hour

Maximum. \$9 per 24 hours

Unattended, Express Park

Credit Card Only

Validation programs available at this facility: i-Park, Park & Go

Plus, Student Park

This lot will be tentatively closed effective September 15th due to pending construction developments.

PROPOSED LUMBERWORKS GARAGE

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MUNICIPAL PARKING FACILITY #11



13th and 'P' Street Lot

1300 'P' Street

City of Lincoln Owned and Operated

Capacity: 41 spaces

Daily Rate: \$1 per hour (1st hour is not free)

Maximum. \$9 max. all day

Unattended, Honor Box

Lease Rate: N/A

Day-of-Game Football Rate: \$20

Validation programs available at this facility: None

This lot is to be closed in Spring 2015 for construction of the future Civic Plaza.

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MUNICIPAL PARKING FACILITY #12



Larson Building & Garage (Block 38/Catalyst Project)

1317 "Q" Street

14th and Q Street

Garage is City of Lincoln Owned and Operated

Capacity: 533 spaces

Daily Rate: 1st hour free, \$1 per hour thereafter

Maximum. \$9 max. all day

Attended, Express Park

Lease Rate: \$70 per month

On-Line Football Rate: \$16

Day-of-Game Football Rate: \$20

Validation programs available at this facility: iPark, Park & Go Plus

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MUNICIPAL PARKING FACILITY #13

County/City Parking Deck

10th and K Street

City of Lincoln Owned and Operated

Capacity: 386 spaces, 159 spaces available to the public

Daily rate: \$5.00 per Exit or Free with pass from a County/City offices

Attendant, Express Park

Parking available to City/County visitors and employees

On-Line Football Rate: \$10

Day-of-Game Football Rate: \$10

MUNICIPAL PARKING FACILITY #14

West Depot Lot

676 "O" Street

City of Lincoln Owned and Operated

Capacity: 199 spaces

Daily rate: N/A

Lease Rate: \$45 per month

On-Line Football Rate: N/A

Day-of-Game Football Rate: \$20

This lot is scheduled to open for monthly parkers on October 1st, 2012.

MUNICIPAL PARKING FACILITY #15

Holdrege (Big X) Lot

Just North of 1640 Holdrege Street

Non-paved parking lot under Salt Creek Roadway

City of Lincoln Owned and Operated

Capacity: 125 spaces

Daily rate: N/A

Lease Rate: \$20 per month

On-Line Football Rate: N/A

Day-of-Game Football Rate: \$5

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Figure 11: Parking Map



Source: City of Lincoln Parking Services Division

PROPOSED LUMBERWORKS GARAGE

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OTHER CBD PARKING FACILITIES

Other private and UNL parking facilities were analyzed as possible comparables for this analysis and included in this survey. These facilities include the following:

Table 11: Other CBD Parking Facilities

Private Parking Facilities		
Agee's Towne Park Garage	1313 M Street	180
Eagle Parking Garage	14th & N Streets	306
Holiday Inn Garage	141 N 9th Street	185
I.N.S. Lot	8th & S Streets	510
Matt Lot	8th and S Streets	240
Rampart Garage	12th & P Streets	317
U.S. Bank Tower Garage	233 S. 13th Street	180
1318 M Street Garage	1318 M Street	600
14th & N St. Surface Lot	14th & N Streets	90
UNL Parking Facilities		
Stadium Drive Parking Garage	10th and T St.	600
17 th and R Parking Garage	17 th and R St.	1,700
Total		4,908

Source: Parking Services Division and Walker Parking Consultants

This list is not all inclusive as Walker did not have sufficient proprietary information to include and survey all parking facilities in the CBD.

EFFECTIVE MUNICIPAL PARKING SUPPLY

The effective supply is the supply of parking spaces remaining after a cushion is deducted from the total supply of parking spaces. The effective supply is calculated from the total supply of parking spaces for each parking facility. An adjustment, the *effective supply factor*, may vary with the amount and type of parking, but the typical effective supply is 85% to 95% of the total number of spaces. Application of this factor allows for a cushion to provide for vehicles moving in and out of spaces, to provide for spaces unavailable due to maintenance, to allow for spaces on the top level that are displaced by snow or are otherwise undesirable, and to reduce the time necessary for parking patrons to circulate to find the last few available spaces. In this analysis, the effective supply is used to measure the adequacy of the parking supply.

Given the familiarity of most parkers with the existing city parking facilities and the functionality of each, a 95% effective supply ratio of is judged to be reasonable. The resulting "effective" parking supply of each comparable municipal parking garage is summarized in the following table.

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Table 12: Effective Municipal Parking Supply

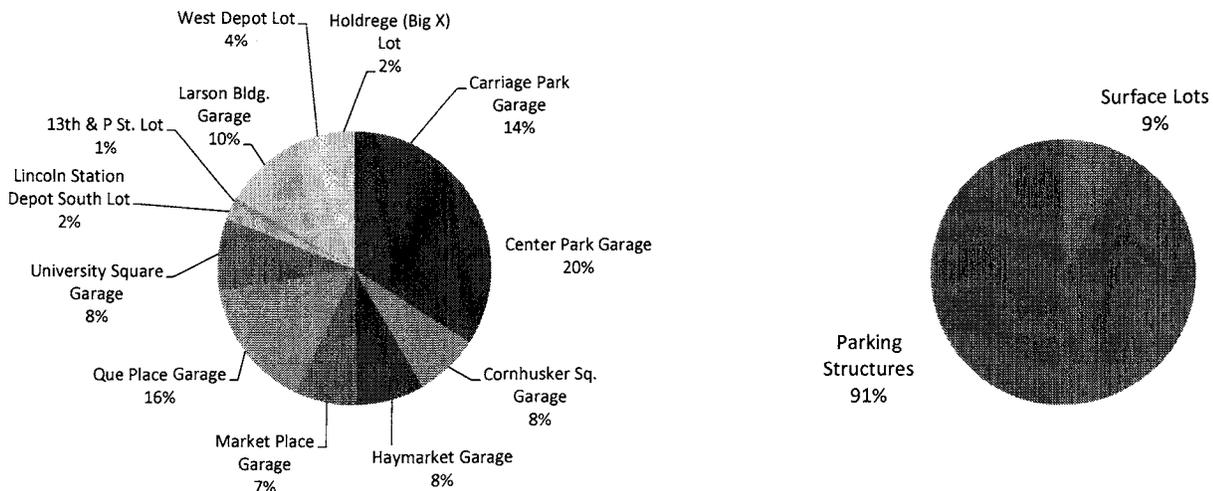
City of Lincoln System	2012 Capacity	Eff. Supply 0.95
Carriage Park Garage	704	669
Center Park Garage	1,061	1,008
Cornhusker Sq. Garage	394	374
Haymarket Garage	409	389
Market Place Garage	385	366
Que Place Garage	809	769
University Square Garage	437	415
Iron Horse Lot	0	0
Lincoln Station Depot South Lot	93	88
Lumberworks Lot	0	0
13th & P St. Lot	43	41
Larson Bldg. Garage	533	506
West Depot Lot	199	189
Holdrege (Big X) Lot	125	119
Total	5,192	4,932
County/City Parking Garage	159	
Total	5,351	

Note: Analysis does not include the County/City Deck

Source: Parking Services Division and Walker Parking Consultants

Thus, the effective municipal parking supply, not including the County/City Parking Deck, is estimated at 5,192 spaces.

Figure 12: Parking Supply



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COMPARABLE PARKING STRUCTURE OCCUPANCY AND PARKING ADEQUACY

The most accurate system parking structure occupancy counts were provided by the City of Lincoln Parking Services Division for January through June, 2012. Facility counts were confirmed by other counts collected directly by Walker Parking, and are consistent with peak occupancy reported for the same period in 2011, and observed by Walker in a 2010 study. Occupancy counts are summarized in the following table.

Table 13: System Parking Structure Occupancy Analysis (Based on data for Jan. thru June 2012)

Parking Structure	2012	Peak Occupancy	
	Capacity	Spaces	Percent
Carriage Park Garage	704	690	98.00%
Center Park Garage	1,061	1,007	94.95%
Cornhusker Sq. Garage	394	377	95.64%
Haymarket Garage	409	333	81.42%
Market Place Garage	385	351	91.17%
Que Place Garage	809	741	91.62%
University Square Garage	437	427	97.67%
Larson Bldg. Garage	533	453	85.00%
City Garage Total	4,732	4,379	92.54%

Source: Parking Services Division

Note: Analysis does not include the City/County Parking Deck.

Parking system adequacy is based on peak demand.

Peak occupancy for the municipally-owned and managed structured parking facilities during the first half of 2012 achieved approximately 92.5% of inventoried spaces (maximum capacity).

Peak occupancy for the system during the first half of 2010 was approximately 94% of inventoried spaces. The percentage decline from 2010 mostly reflects the recent inclusion of the Larson Bldg. Garage.

The Larson Building opened July 23, 2012. Its 192 residential units are 100% occupied. The 533-space garage has not yet achieved stabilized occupancy, but the garage has already reached a peak of 85%, a figure in which the city is quite pleased.

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Parking adequacy is determined by the difference between the effective supply and parking demand, represented by peak parking occupancy.

A design day is frequently calculated to represent the 85th percentile of the absolute peak parking volume. While there is no guarantee that the reported occupancy data represents absolute peak activity, the reported peak occupancies are judged to be representative of busy activity.

Thus, the following figures are judged to offer a reasonable estimate of the parking adequacy of the comparable parking structures.

Table 14: Comparable Parking Structure Adequacy

Parking Structure	Eff. Supply (0.95)	Peak Demand	% of Eff. Supply	Surplus/ (Deficit)
Carriage Park Garage	668	690	103.3%	(22)
Center Park Garage	1,007	1,007	100.0%	0
Cornhusker Sq. Garage	374	377	100.8%	(3)
Haymarket Garage	388	333	85.8%	55
Market Place Garage	365	351	96.2%	14
Que Place Garage	768	741	96.5%	27
University Square Garage	415	427	102.9%	(12)
Larson Bldg. Garage (Est.)	506	506	100.0%	0
City Garage Total	4,491	4,432	98.7%	59
Surplus or (Deficit)				1.3%

Source: Parking Services Division and Walker Parking Consultants

Current peak occupancy is estimated at 98.7% of effective supply. Thus, it is estimated that the system parking structures have an effective surplus of only 59 spaces on peak days. While there are unoccupied spaces in the system, some of these spaces tend to be located on uncovered roof-top or top floors of garages, basement levels, at the greatest distance from the most common destinations, or require extensive searching. This level of parking adequacy is representative of a parking market with pent up parking demand.



SHARED PARKING

Shared parking is defined as an analysis of parking spaces that can be used to serve two or more individual land uses without conflict or encroachment. One of the fundamental principles of downtown planning from the earliest days of the automobile has always been to share parking resources rather than to have each building have its own parking. The resurgence of many central cities resulting from the addition of vibrant office, residential, retail, and entertainment developments continues to rely heavily on shared parking for economic viability. In addition, mixed-use projects in many different settings have benefited from shared parking.

There are numerous benefits of shared parking to a community at large, not the least of which is the environmental benefit of significantly reducing the square footage of parking provided to serve commercial development. The ability to share parking spaces is the result of two conditions:

- Variations in the accumulation of vehicles by hour, by day and/or by season at the individual land uses. For example, office buildings require parking spaces during daytime hours on weekdays, while restaurants and entertainment venues have peak parking needs during the evenings and weekends.
- Relationships among the land uses that result in visiting multiple land uses on the same auto trip. For example, a substantial percentage of patrons at one business (restaurant) may be employees of another downtown business (office). This is referred to as the "effects of the captive market." These patrons are already parking and contribute only once to the number of peak hour parkers.

WPC's model was developed and recently updated with data from our previous project experience and surveys, along with data from the Urban Land Institute (ULI), the Institute of Traffic Engineers (ITE) and other reference materials. The model is designed to project the parking needs of a mixed-use development from 6:00 AM to 12:00 midnight on a typical weekday and a Saturday for every month of the year.

Base parking demand ratios have been developed by land use category for both a typical weekday and a Saturday. These ratios are adjusted by using presence, driving and non-captive factors. When the prospective program data is entered into the Walker Shared Parking Model along with adjustments for presence factors, captive factors and drive ratios, the synergy between the different land uses and opportunities for shared parking is identified.

Summary tables of the shared parking assumptions and inputs, the peak weekday demand and the peak weekend demand are shown in the tables on the following page.

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Table 15: Shared Parking Assumptions and Inputs for Lumberworks Project

Land Use	Quantity	Unadjusted Spaces	
		Weekday	Weekend
Fine/Casual Dining	19,190 GIA	293	326
Employee		53	58
Residential Guest	60 units	9	9
Residential Reserved	1.0 Sp/Unit	60	60
Residential Shared, Rental	60 units	42	42
Office <25,000sq ft	18,280 GFA	5	1
Employee		64	6
Subtotal Customer/Guest Spaces		307	336
Subtotal Employee/Resident Spaces		159	106
Subtotal Reserved Spaces		60	60
Total Parking Spaces		526	502

Table 16: Weekday Shared Parking Demand for Lumberworks Project

Land Use	Weekday					Demand December 7:00 PM
	Unadj Demand	Month Adj December	Pk Hr Adj 7:00 PM	Non Captive Evening	Drive Ratio Evening	
Fine/Casual Dining	293	100%	100%	95%	90%	251
Employee	53	100%	100%	100%	100%	53
Residential Guest	9	100%	100%	100%	100%	9
Residential Reserved	60	100%	100%	100%	100%	60
Residential Shared, Rental	42	100%	97%	100%	100%	41
Office <25,000sq ft	5	100%	2%	100%	100%	0
Employee	64	100%	10%	100%	100%	6
Subtotal Customer/Guest Spaces		307				260
Subtotal Employee/Shared Resident Spaces		159				100
Subtotal Reserved Spaces		60				60
Total Parking Spaces		526				420
					% reduction	20%

Table 17: Weekend Shared Parking Demand for Lumberworks Project

Land Use	Weekend					Demand December 8:00 PM
	Unadj Demand	Month Adj December	Pk Hr Adj 8:00 PM	Non Captive Evening	Drive Ratio Evening	
Fine/Casual Dining	326	100%	100%	95%	90%	279
Employee	58	100%	100%	100%	100%	58
Residential Guest	9	100%	100%	100%	100%	9
Residential Reserved	60	100%	100%	100%	100%	60
Residential Shared, Rental	42	100%	98%	100%	100%	41
Office <25,000sq ft	1	100%	0%	100%	100%	0
Employee	6	100%	0%	100%	100%	0
Subtotal Customer/Guest Spaces		336				288
Subtotal Employee/Shared Resident Spaces		106				99
Subtotal Reserved Spaces		60				60
Total Parking Spaces		502				447
					% reduction	11%

Source: Walker Parking Consultants

From the calculations above, it is determined that the Shared Parking Peak weekday demand is approximately 420 spaces, and the Shared Parking Peak weekend demand is approximately 447 spaces.

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The shared parking estimates and the Comparable Occupancy and Parking Adequacy figures are used to project the area parking demand for the subject property.

Table 18: Block 38 Demand Projection and Sensitivity Analysis

Growth Trend Rate	0.0%	Year	1	2	3	4	5	6
Adj. Factor			1	1	1.0000	1.0000	1.0000	1.0000
	Eff. Supply	2012	Construction 2013	Stabilized Occ. 2014	2015	2016	2017	2018
Projected System Structures Demand	4,491	4,379	4,379	4,379	4,379	4,379	4,379	4,379
Projected System Structures Surplus/(Deficit)								
Surplus or (Deficit)		112	112	112	112	112	112	112
System Structures Deficit Impact on Lumberworks			0	0	0	0	0	0
Shared Parking Peak Commercial			0	310	310	310	310	310
Shared Parking Peak Residential			0	110	110	110	110	110
Projected Peak Lumberworks Demand			0	420	420	420	420	420
Design Capacity Needed at Eff. Supply Ratio of:	0.95	0	0	443	443	443	443	443
Plus: Displaced Lumberworks Lot Capacity	87	87	87	87	87	87	87	87
Total Lumberworks Design Capacity Needed			87	530	530	530	530	530
Conceptual Lumberworks Garage Design Capacity				506	506	506	506	506
Conceptual Lumberworks Lot Design Capacity				25	25	25	25	25
Lumberworks Surplus or (Deficit) with area growth trend rate of:	0.0%			(49)	(49)	(49)	(49)	(49)
Sensitivity Analysis								
Lumberworks Surplus or (Deficit) with area growth trend rate of:	-2.0%/yr.			(49)	(49)	(49)	(49)	(49)
Lumberworks Surplus or (Deficit) with area growth trend rate of:	-1.0%/yr.			(49)	(49)	(49)	(49)	(49)
Lumberworks Surplus or (Deficit) with area growth trend rate of:	0%/yr.			(49)	(49)	(49)	(49)	(49)
Lumberworks Surplus or (Deficit) with area growth trend rate of:	+1.0%/yr.			(49)	(70)	(118)	(166)	(214)
Lumberworks Surplus or (Deficit) with area growth trend rate of:	+2.0%/yr.			(117)	(213)	(311)	(410)	(512)

Source: Walker Parking Consultants

Through this analysis, it appears that at stable peak demand (when the trend rate = 0% per year) with no system structure overflow parking demand, plus the peak shared parking demand of the project, including the replacement of the displaced Lumberworks Lot, is adequately supported by the conceptual design of the 516-parking space capacity, and in fact, will require additional area parking support for at least 49 more spaces. Sensitivity analysis indicates that modest area growth will produce greater system overflow demand resulting in greater parking deficits.

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PARKING OPERATOR

The City-owned parking system of parking lots and structures are operated by an outside parking management company and overseen by the city-employed parking manager. The City currently is contracted with Republic Parking System. Republic Parking System is a privately owned professional parking management company based in Chattanooga, Tennessee. The company was originally founded to operate airport parking facilities and was incorporated as Air Terminal Parking in 1966. The name was changed to Republic Parking System, Inc. in 1986. The company manages all types of parking and parking related operations for clients who choose to sub-contract their parking management. These include airport parking, urban parking, hospital parking, municipal parking, valet parking, on-street parking, office building, event venue parking, and mixed-use parking.

Republic operates and manages all City-owned off-street parking facilities and on-street parking enforcement in the CBD. Republic and its employees provide labor for the parking facilities and perform other duties such as preventative maintenance and janitorial services. Labor and other operating expenses are reimbursed by the City, as summarized in this report. Republic prepares accounting documents and transactions for each facility and provides the City with operating reports.

The management contract allows Republic to collect a fixed monthly parking facility management fee plus a \$1.00 annual fee for any added spaces. Since the fixed monthly fee is already included in the system operating expenses, only the fee for added spaces is applied to the parking garage.

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"FIRST HOUR FREE: DOWNTOWN LINCOLN PARKING INITIATIVE

- Parking initiatives include "First Hour Free" in garages.
- Improvements also include new high-tech meters and "shopper zones."

Park & Go, the City of Lincoln Parking Services initiated the new First Hour Free program in downtown parking garages and is proposing new digital, solar-powered parking meters. The City's downtown garages also now offer "shopper zones" on the lower levels for those parking for three hours or less.

"These improvements reflect a new approach to downtown parking - using it as an economic development tool to encourage more people to come downtown," said Mayor Beutler. "The goal is to make parking in downtown Lincoln a more positive experience with abundant, convenient and low-cost options."

The First Hour Free program is available in all City-owned garages and the Iron Horse surface parking lot. According to Dave Landis, Director of the City Urban Development Department, "These exciting changes are intended to accommodate downtown visitors and keep our parking rates among the lowest compared to comparably sized cities."

On September 1, 2010, downtown parking enforcement was privatized, saving the City money and allowing for the adoption of a customer-friendly "parking ambassador" strategy.

OFF-STREET PARKING RATES

Each of the City-owned structured parking facilities previously had an identical parking rate structure; however, recent rates have become more site specific. The following table summarizes the history of the city's parking rates, and provides a comparison to the four most comparable existing system garages.

Table 19: Parking Rate Analysis

Category	2000 All Garages	2001 All Garages	2010 Avg.	2012 Avg.	Annual Trend Rate
First Hour	\$0.75	\$1.00	\$1.00	\$1.00	2.8%
Additional Hours	\$0.60	\$0.75	\$1.00	\$1.00	5.6%
All Day Max.	\$4.95	\$5.50	\$6.00	\$9.00	6.8%
Regular Monthly	\$55.00	\$60.00	\$68.75	\$66.00	1.7%
Reserved Monthly	\$65.00	\$70.00	\$87.50	\$88.00	2.9%
Special Event					
Day of Event	\$7.00	\$8.00	\$13.50	\$17.00	11.9%
Advance			\$12.50	\$14.00	

Source: Parking Services Division and Walker Parking Consultants

It is assumed that the proposed parking structure will adopt a parking rate structure consistent with that of the other city-owned structured parking facilities.

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The closest and best comparable is considered to be the Haymarket Garage. The regular, unreserved monthly rate at this facility is projected at \$60 per month, and the event rate is projected at \$20 per vehicle. Based most significantly on this analysis of the comparables, market rent is judged to be best represented as follows:

Table 20: Market Parking Rates

Category	First Hour Free
First Hour	\$0.00
Additional Hours	\$1.00
All Day Max.	\$9.00
Regular Monthly	\$60.00
Reserved Monthly	\$88.00
Special Event	\$20.00

Source: Walker Parking Consultants

These projections of market parking rates for the subject property are used to estimate gross parking revenue.

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CONCEPTUAL COST

Cost per structured space can vary significantly with level of service, amenities and architectural treatments. Conceptual hard costs are based in part on R.S. Means average costs for parking garages published by Jim Haughey, PhD, Director, Research and Analytics, Reed Construction Data.

Table 21: Reed Construction Data

Square Foot Costs by City	2011	2010	2009	2008	2007	% chg.
	Parking Structure Above Grade					(Avg.)
Atlanta	45.78	45.55	37.36	35.85	33.48	7.3%
Baltimore	47.53	47.02	38.45	37.21	34.79	7.3%
Boston	60.42	58.58	48.54	46.28	43.29	7.9%
Chicago	59.80	58.02	47.83	45.43	41.83	8.6%
Cleveland	51.03	50.25	41.70	40.34	37.60	7.1%
Dallas	43.92	43.13	35.28	33.68	31.61	7.8%
Denver	48.61	47.98	39.24	38.14	35.88	7.1%
Detroit	53.25	52.12	43.33	42.11	40.18	6.5%
Houston	44.80	44.59	36.61	35.49	32.84	7.3%
Kansas City	53.04	51.56	42.70	41.34	38.76	7.4%
Los Angeles	55.67	54.69	45.16	42.91	40.00	7.8%
Miami	46.86	45.60	37.28	34.81	32.43	8.9%
Minneapolis	57.48	55.45	46.50	45.03	42.02	7.4%
New Orleans	45.26	44.89	36.36	34.73	32.36	8.0%
New York City	68.66	66.00	54.75	52.49	49.40	7.8%
Philadelphia	59.44	57.17	48.04	45.83	42.84	7.7%
Phoenix	45.72	44.95	37.15	35.81	32.81	7.9%
Pittsburgh	51.34	49.29	41.16	39.66	37.52	7.4%
Portland, Ore.	51.14	51.01	42.87	40.98	38.69	6.4%
St. Louis	52.79	51.96	43.12	41.66	38.31	7.6%
San Diego	53.92	53.08	43.95	41.82	38.95	7.7%
San Francisco	63.82	62.52	51.37	48.84	45.58	8.0%
Seattle	53.92	52.47	43.20	41.74	39.02	7.6%
Washington, D.C.	50.93	50.35	41.32	39.34	36.51	7.9%
Winston-Salem, N.C.	39.44	39.74	32.69	31.72	28.69	7.5%
Mean SF Cost	52.18	51.12	42.24	40.53	37.82	7.6%
Minimum SF Cost	39.44	39.74	32.69	31.72	28.69	6.4%
Maximum SF Cost	68.66	66.00	54.75	52.49	49.40	8.9%
Average Cost/Space of Denver, Kansas City and St. Louis	\$51.48	\$50.50	\$41.69	\$40.38	\$37.65	7.3%
Average Cost/Space @ X SF/space						
Gross SF/Space 320		\$16,474				
Gross SF/Space 330		\$16,988				
Gross SF/Space 340		\$17,503				

Source: R.S. Means, 2009 and Walker Parking Consultants

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Note: Costs are for a basic parking structure, and do not include special site work, land, development, specialty finishes or equipment. Square foot costs vary significantly from project to project because of differences in quality, complexity, and economic climate.

The R.S. Means parking structure construction cost data shows a 7.6% average marginal increase from 2007 to 2011. The average cost increase tends to exceed increases in the Consumer Price Index (CPI) over the period. 2010 figures are not available, but given the current economic conditions, construction costs are assumed to have remained relatively similar to these figures.

Hard cost for a parking structure of less than 1,000 spaces and of reasonably efficient design yielding an efficiency of 320 to 340 SF per space is judged to be represented by the average costs of Denver, Kansas City, and St. Louis at approximately \$51.50 per square foot.

The total hard cost at completion for mixed-use structures sometimes run significantly higher than this average due to specific architectural design and/or aesthetic requirements. This conceptual cost estimate includes simple concrete façade complementary with nearby buildings, as well as average amenities. These amenities include long-span construction, elevators, lobbies and stairs, utilities, and a small parking office.

Hard costs of the proposed parking improvements are based on the contractor's plans for 516 garage spaces within 166,300 SF, which equals an estimated 329± SF per space. This results in the following estimate of hard costs.

Estimated Cost/SF X Conceptual SF/space = Conceptual Cost/Space

SF/Space	x	SF Cost	=	Projection
329	x	\$50.00	=	\$16,449

The Contractor's estimate of \$8,405,708 is consistent with Walker's experience with parking facility construction costs actually incurred by similar Walker projects. However, costs will vary with bids, business of the contractors, time of year, costs of materials, and other competitive factors.

The conceptual cost does not include land cost, site preparation costs, off-site infrastructure improvements, construction contingency, financing costs, or some other soft costs.

Soft costs are added at 15% of hard cost.

Financing dramatically impacts the capital cost of parking. Financing assumes self-amortizing bonds at 4.0% annual interest for 20 years.

A conceptual parking garage project cost is shown in the following table, which summarizes the amount financed, interest rate, term, and annual payment calculation.

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Table 22: Conceptual Parking Costs

	Conceptual	Based in Part on Contractor's Estimate
SF per Parking Space	329	329
Estimated Cost per SF (RS Means)	\$50.00	
Conceptual Unit Costs		
Cost per Space	\$16,449	\$16,612
Parking Design Capacity	516	516
Conceptual Improvement Costs	\$8,487,684	\$8,571,792
Land Cost	\$0	\$0
Conceptual Project Costs + Land	\$8,487,684	\$8,571,792
Financing Assumptions:		
Equity	0%	\$0
Debt	100%	\$8,487,684
Bond Cost	2%	\$169,754
Amount Financed	\$8,657,438	\$8,743,228
4.0% Interest		
20 Years		
Annual Debt Service Estimate (rou	\$637,000	\$643,000
Annual Debt Service per Space	\$1,234	\$1,246

Source: Walker Parking Consultants

This conceptual cost analysis tends to confirm the allocated parking structure portion of the Lumberworks project as represented to Walker, and is presented as a reasonable and supportable projection of project cost.

At the parking improvement cost allocation per the project plans, the conceptual hard and soft cost for the proposed parking structure improvements is estimated at \$8,500,000±.

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OPERATING EXPENSES

In addition to capital costs, the costs of operation are estimated for the purposes of this market and financial analysis. Taxes, whether sales, property, parking, or some other type, are not included, as a municipally-owned parking facility is assumed not to pay taxes. Depreciation is not included, as this is not a cash operating expense; however, a reserve for structural maintenance or replacements is recommended. Debt service is not included in these figures, as it is not considered an operating expense. A summary of typical operating cost data is shown in the following table.

Table 23: Median Operating Expenses for a Typical Parking Structure

	Median Annual Cost per Space -Attended-	Median Annual Cost per Space -Unattended-
Wages & Benefits	\$145.00	\$0.00
Management Costs	\$60.00	\$70.00
Security Cost	\$90.00	\$100.00
Utilities	\$50.00	\$45.00
Insurance	\$15.00	\$10.00
Supplies	\$5.00	\$5.00
Routine Maintenance	\$35.00	\$35.00
Structural Maintenance (Reserves)	\$40.00	\$55.00
Elevator/Equipment Maintenance	\$10.00	\$10.00
Other Expenses	\$75.00	\$35.00
Total	\$525.00	\$365.00

Source: Walker Parking Consultants

The greatest portion of operating costs for an unattended parking structure is associated with utilities, maintenance and security. The median operating expense for a comparable attended parking structure is \$525± per space annually. The basic cost to operate an unattended parking structure is approximately \$365±/space per year. Larger structures located in warmer climates have lower costs. Smaller structures can expect to spend a greater amount per space, especially if an adequate amount is spent on structural maintenance and reserves for repairs or replacements. The size and age of a structure, hours of operation, and type of use have the greatest impacts on the bottom line. Security costs and utility costs, due to location, and type of lighting, as well as type of structure, also make a significant impact.

The following table cross-tabulates project cost per space versus annual operating cost per space to show the monthly revenue required per space to break even. When the cost of land is not considered in the cost of the parking facility, a parking structure with a \$16,000 per space project cost (at 4.0%, 20 year amortization schedule) and \$500/space per year in operating expenses will cost an owner over \$140/space per month. This amount is the cost per month that must be charged for parking to break even.

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WALKER
PARKING CONSULTANTS

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Table 24: Median Break-Even Revenue per Space

Cost per Space	Annual Operating Cost per Space					
	\$300	\$350	\$400	\$500	\$600	\$700
\$12,000	\$99	\$103	\$107	\$115	\$124	\$132
\$13,000	\$105	\$109	\$113	\$121	\$130	\$138
\$14,000	\$111	\$115	\$119	\$128	\$136	\$144
\$15,000	\$117	\$121	\$125	\$134	\$142	\$150
\$16,000	\$123	\$127	\$131	\$140	\$148	\$156
\$17,000	\$129	\$133	\$138	\$146	\$154	\$163
\$18,000	\$135	\$140	\$144	\$152	\$160	\$169
\$19,000	\$142	\$146	\$150	\$158	\$167	\$175
\$20,000	\$148	\$152	\$156	\$164	\$173	\$181
\$25,000	\$178	\$182	\$187	\$195	\$203	\$212
\$30,000	\$209	\$213	\$217	\$226	\$234	\$242
\$35,000	\$240	\$244	\$248	\$256	\$265	\$273
\$40,000	\$270	\$274	\$279	\$287	\$295	\$304
Rate	4.0%					
Term	20					

Source: Walker Parking Consultants

Many operators charging parkers \$60 to \$90 per month for parking are not earning enough per space to recover costs of ownership and operation. This frequently results in significant "sticker shock" when trying to determine how to pay for structured parking that will cost significantly more per month per space, just to break even. The typical strategy is to distribute costs over the entire legacy parking system.

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PARKING INCOME AND EXPENSES PROJECTIONS

Potential Gross Revenue is estimated as the product of parking space occupancy x average daily tickets x average turnover x number of months or days of the year. Revenue is trended at 2.0% per year.

Estimated Operating Revenues	Spaces	Turnover or Oversell	Peak Adj. Factor	Avg. Ticket	Days or Months
Transient Daily	73	2.00	67%	\$5.00	242
Regular Monthly (Non-Reserved)	291	1.15	95%	\$60.00	12
Resident Monthly (Reserved)	60	1.00	95%	\$88.00	12
Resident Monthly (Non-Reserved)	42	1.00	95%	\$60.00	12
Restaurant/Retail Tenant Monthly	50	1.00	95%	\$60.00	12
Special Event - Football	364	1.00	80%	\$20.00	7
Special Event - Arena	364	1.00	50%	\$20.00	18

Credit Card Processing Fees are estimated at 2.5% x 70% of the Potential Gross Revenue, as a significant portion of parking revenue will be collected in cash.

Discounts and Promotions are estimated at 2.0% of the Potential Gross Revenue.

Potential Gross Income (PGI) is potential gross revenue less parking taxes and credit card processing fees.

Vacancy and collection loss is estimated at 3.0% of PGI. This represents losses from bad transactions, move in/move out, and other minor collection losses.

Effective Gross Income (EGI) is Potential Gross Income (PGI) less vacancy and collection loss.

Operating expenses are categorized as variable and fixed expenses.

Variable expenses include salary and wages, benefits, uniforms, auto damage, utilities, supplies and tickets, professional services, snow removal, and other miscellaneous expenses.

Salary and Wages are calculated in the following manner and are applied in both scenarios.

Payroll Calc.	Rate	Hours	FTE	Wages	Benefits %	Benefits
Facility Management Oversight	\$20.00	2,080	0.250	\$10,400	35.0%	\$3,600
Custodian	\$10.70	2,080	0.125	\$2,800	28.0%	\$800
Cashier/APS Service	\$10.70	2,080	0.250	\$5,600	28.0%	\$1,600
Bookkeeper	\$10.70	2,080	0.125	\$2,800	28.0%	\$800
Event labor	\$10.70	42	4.0	\$1,800	0.0%	\$0
				\$23,400		\$6,800

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Automated cashiering except during special events is assumed, but labor for management, custodial services, pay-station servicing, and customer assistance is still required. Automation reduces but does not eliminate labor costs.

Benefits are estimated at 35% of salary for the facility manager and 28% of pay for hourly employees.

Other variable expenses are estimated from Walker's database of comparable expense comps, as follows:

Security Service	\$150	per space
Utilities	\$60	per space
Supplies & Tickets	\$8	per space
Repairs & Maintenance	\$35	per space
Uniforms	2%	of payroll
Equipment Expense	\$10	per space
Elevator Maintenance	\$11	per space
Professional Services	\$5	per space
Snow Removal/Sweeping	\$5	per space
Miscellaneous	\$25	per space

Annual Variable Expenses Trend Rate: Variable expenses are trended to increase at 3.0% per year based on Walker's estimate of future inflation in the CPI.

Fixed Expenses include the cost of parking lifts, equipment maintenance, insurance, property taxes, CAM charges, and rent or management fees.

GarageKeepers and General Liability Insurance is estimated from Walker's database of comparable expense comps at \$15 per space per year. This amount varies significantly from insurance company and may be subject to adjustments following an audit of labor expenses. Insurance expense can vary from 14% to 18% of labor expense.

Reserve for Replacements is recommended to be saved at a rate of \$75 per year from the first year to create a sinking fund for future structural and major repairs.

Management Fees are estimated at 4.0% of Effective Gross Income. The actual contract with Republic Parking Systems will control.

Annual Fixed Expenses Trend Rate: Fixed expenses are trended where appropriate at 3.0% per year.

Total Operating Expenses are the sum of variable and fixed expenses.

Net Operating Income (NOI) is the difference between effective gross income (EGI) and total operating expenses from the perspective of the operator.

A Pro Forma Income Statement incorporating these facts and assumptions is shown on the following page.

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Table 25: Lumberworks Garage Operating Pro Forma

	Capacity	516 Spaces						Stabilized Occ.					
			Turnover or Spaces	Peak Adj. Oversell	Factor	Avg. Ticket	Days or Months	Design/Construction	Year 1	Year 2	Year 3	Year 4	Year 5
								2012 base	2013	2014	2015	2016	2017
Estimated Operating Revenues						Trend Rate:	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Transient Daily	73	2.00	67%	\$5.00	242	\$118,000	\$120,360	\$122,767	\$125,223	\$127,727	\$130,282	\$132,887	
Regular Monthly (Non-Reserved)	291	1.15	95%	\$60.00	12	\$229,000	\$233,580	\$238,252	\$243,017	\$247,877	\$252,835	\$257,891	
Resident Monthly (Reserved)	60	1.00	95%	\$88.00	12	\$60,000	\$61,200	\$62,424	\$63,672	\$64,946	\$66,245	\$67,570	
Resident Monthly (Non-Reserved)	42	1.00	95%	\$60.00	12	\$29,000	\$29,580	\$30,172	\$30,775	\$31,391	\$32,018	\$32,659	
Restaurant/Retail Tenant Monthly	50	1.00	95%	\$60.00	12	\$34,000	\$34,680	\$35,374	\$36,081	\$36,803	\$37,539	\$38,290	
Special Event - Football	364	1.00	80%	\$20.00	7	\$41,000	\$41,820	\$42,656	\$43,510	\$44,380	\$45,267	\$46,173	
Special Event - Arena	364	1.00	50%	\$20.00	18	\$66,000	\$67,320	\$68,666	\$70,040	\$71,441	\$72,869	\$74,327	
Potential Gross Revenue							\$600,311	\$612,317	\$624,563	\$637,055	\$649,796		
Credit Card Processing Fees	2.5%		70%				(10,505)	(10,716)	(10,930)	(11,148)	(11,371)		
Discounts, Coupons, Promotion	2.0%						(12,006)	(12,246)	(12,491)	(12,741)	(12,996)		
Total Potential Gross Income (PGI)							577,799	589,355	601,142	613,165	625,428		
Vacancy & Collection Loss	3.0%						(17,334)	(17,681)	(18,034)	(18,395)	(18,763)		
Effective Gross Income (EGI)							560,465	571,674	583,108	594,770	606,666		
Estimated Operating Expenses						Variable Expense Trend Rate:	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Variable Expenses		<u>Unit Cost</u>				Base							
Salaries & Wages	See calc. below					\$23,400	\$24,102	\$24,825	\$25,570	\$26,337	\$27,127	\$27,941	
Benefits	See calc. below					\$6,800	\$7,004	\$7,214	\$7,431	\$7,653	\$7,883	\$8,120	
Security Service	\$150 per space					\$77,400	\$79,722	\$82,114	\$84,577	\$87,114	\$89,728	\$92,420	
Utilities	\$60 per space					\$30,960	\$31,889	\$32,845	\$33,831	\$34,846	\$35,891	\$36,968	
Supplies & Tickets	\$8 per space					\$4,128	\$4,252	\$4,379	\$4,511	\$4,646	\$4,785	\$4,929	
Repairs & Maintenance	\$35 per space					\$18,060	\$18,602	\$19,160	\$19,735	\$20,327	\$20,936	\$21,565	
Uniforms	2% of payroll					\$468	\$482	\$497	\$511	\$527	\$543	\$559	
Equipment Expense	\$10 per space					\$5,160	\$5,315	\$5,474	\$5,638	\$5,808	\$5,982	\$6,161	
Elevator Maintenance	\$11 per space					\$5,676	\$5,846	\$6,022	\$6,202	\$6,388	\$6,580	\$6,777	
Professional Services	\$5 per space					\$2,580	\$2,657	\$2,737	\$2,819	\$2,904	\$2,991	\$3,081	
Snow Removal/Sweeping	\$5 per space					\$2,580	\$2,657	\$2,737	\$2,819	\$2,904	\$2,991	\$3,081	
Miscellaneous	\$25 per space					\$12,900	\$13,287	\$13,686	\$14,096	\$14,519	\$14,955	\$15,403	
Total Variable Expenses							\$201,690	\$207,741	\$213,973	\$220,392	\$227,004		
Fixed Expenses						Fixed Expense Trend Rate:	Base	3.0%	3.0%	3.0%	3.0%	3.0%	
Garagekeepers & Gen liability Ins.	\$15 per space					\$7,740	\$7,972	\$8,211	\$8,458	\$8,711	\$8,973	\$9,242	
Reserve for Replacements (Sinking Fund)	\$75 per space					\$38,700	\$38,700	\$38,700	\$38,700	\$38,700	\$38,700	\$38,700	
Management Fee (Republic)	\$1 per added space						\$516	\$516	\$516	\$516	\$516	\$516	
Total Fixed Expenses							\$47,427	\$47,674	\$47,927	\$48,189	\$48,458		
Total Operating Expenses							\$249,117	\$255,414	\$261,900	\$268,581	\$275,462		
Operating Expenses per Space							\$483	\$495	\$508	\$521	\$534		
Net Operating Income (NOI) before Debt Service							\$311,348	\$316,260	\$321,208	\$326,189	\$331,204		
NOI per Space							\$603	\$613	\$622	\$632	\$642		
Payroll Calc.													
Facility Management Oversight	Rate	Hours	FTE	Wages	Benefit %	Benefit							
Custodian	\$20.00	2,080	0.250	\$10,400	35.0%	\$3,600							
Cashier/APS Service	\$10.70	2,080	0.125	\$2,800	28.0%	\$800							
Bookkeeper	\$10.70	2,080	0.250	\$5,600	28.0%	\$1,600							
Event labor	\$10.70	42	4.0	\$1,800	0.0%	\$0							
				\$23,400		\$6,800							

Source: Walker Parking Consultants

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DEBT SERVICE COVERAGE

As an auxiliary service, Parking Services is expected to be self-sustaining. System revenue must exceed the cost of operation and debt service for the proposed new parking structure to raise sufficient funds to support the debt facility at or above the required coverage ratio.

In 2011, the system issued \$4,025,000 in parking refunding bonds with an average interest rate of 4.9% to refund \$5,525,000 in outstanding Parking Revenue Bonds, Series 1999A. The refunding resulted in a cash flow differential of (\$346,376) and an economic loss of (\$25,445).

The existing debt service requirements of the parking system, as of August 31, 2012, are as follows:

Table 26: Outstanding Parking System Debt Obligations

Year Ending August 31,	Principal	Interest	Total
2013	\$885,000	\$1,055,800	\$1,940,800
2014	\$915,000	\$1,029,138	\$1,944,138
2015	\$875,000	\$997,469	\$1,872,469
2016	\$900,000	\$970,894	\$1,870,894
2017 - 2021	\$5,050,000	\$4,314,175	\$9,364,175
2012 - 2026	\$6,300,000	\$3,069,650	\$9,369,650
2027 - 2031	\$8,070,000	\$1,302,969	\$9,372,969
	\$22,995,000	\$12,740,095	\$35,735,095

Source: City of Lincoln and BDK LLP

Solvency ratios, such as the Debt Coverage Ratio (DCR), typically limit the amount that may be financed for a capital improvement project. Such ratios are typically used to determine the project's degree of debt financing and are partial indicators of the parking structure or system's ability to meet its debt obligations. These ratios reserve an amount that is available to absorb any operating losses. Pro forma analysis usually includes a calculation of the annual debt coverage ratio for each year of operation. Higher solvency ratios indicate that an operation has a greater ability to weather changes in the market or any other unforeseeable financial obstacles. DCRs below market expectations tend to indicate a greater degree of risk to the market, resulting in higher interest rates for the bond issue, or may reduce the bond's marketability, depending on the credit worthiness of the institution. Therefore, most underwriters require project specific debt coverage ratios.

In this case, the bond advisor has indicated that a minimum debt coverage ratio of 1.50 is required as the debt is supported in part by overall system revenue.

HISTORICAL SYSTEM REVENUES AND EXPENSES

Audited historical income and expense statements were provided by the City of Lincoln. As the 2012 audit is not complete, unaudited data is considered in this analysis for continuity. Consolidated parking system income and expense data for 2012 and historic data for the previous five years is shown in the exhibit on the following page.

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Table 27: Historical Parking System Income and Expense 2007 to 2012

Fiscal Year Ending August 31, _____	2012	2011	2010	2009	2008	2007
	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Operating Revenues:						
Lease	\$3,219,822	\$3,079,256	\$3,015,944	\$2,838,437	\$2,761,661	\$2,636,740
Transient	\$2,277,546	\$2,310,364	\$2,202,058	\$1,883,392	\$2,073,241	\$2,043,900
Football	\$507,146	\$455,952	\$456,535	\$357,749	\$302,432	\$324,831
Parking Meter	\$1,305,213	\$1,272,246	\$1,198,760	\$1,232,185	\$1,198,036	\$1,342,506
Parking Coupons	\$170,507	\$184,292	\$217,842	\$199,146	\$181,751	\$175,607
Parking Revenue	\$72,203	\$0	\$0	\$425,563	\$351,130	\$0
Special Events	\$196,861	\$160,335	\$102,811	\$85,166	\$53,858	\$0
Other	\$57,892	\$25,265	\$22,511	\$18,999	\$71,503	\$8,768
Total Operating Revenues	\$7,807,190	\$7,487,710	\$7,216,461	\$7,040,637	\$6,993,612	\$6,532,352
Operating Expenses:						
Personnel Services	\$288,114	\$228,909	\$168,752	\$108,520	\$111,757	\$106,505
Contractual Services	\$2,213,714	\$2,398,545	\$2,067,121	\$1,875,768	\$1,992,174	\$1,807,580
Operation and Maintenance	\$1,327,309	\$1,264,283	\$1,463,826	\$1,155,876	\$992,752	\$861,037
Depreciation	\$1,236,719	\$1,162,061	\$1,173,196	\$1,156,362	\$1,083,335	\$1,040,337
Total Operating Expenses	\$5,065,856	\$5,053,798	\$4,872,895	\$4,296,526	\$4,180,018	\$3,815,459
Operating Income:	\$2,741,334	\$2,433,912	\$2,343,566	\$2,744,111	\$2,813,594	\$2,716,893
Nonoperating Revenues (Expenses):						
Investment Income	\$7,653	\$127,340	\$148,677	\$466,573	\$561,528	\$253,241
Amortization of Deferred Charges	(\$56,792)	(\$9,512)	(\$44,162)	(\$41,869)	(\$40,107)	(\$36,384)
Interest Expense	(\$1,074,668)	(\$539,064)	(\$558,100)	(\$624,540)	(\$688,413)	(\$800,650)
Gain (Loss) on Disposal of Assets	\$22,339	(\$30,599)	\$0	(\$44,950)	\$0	\$0
Miscellaneous Revenue	\$32,215	\$448,772				
Total Net Non-Operating Expenses	(\$1,069,253)	(\$3,063)	(\$453,585)	(\$244,786)	(\$166,992)	(\$583,793)
Excess of Revenues Over Expenses before						
Contributions and Transfers	\$1,672,081	\$2,430,849	\$1,889,980	\$2,499,325	\$2,646,602	\$2,133,100
Capital Contributions	\$0	\$4,583	\$0	\$0	\$59,335	\$949,005
Transfers Out to Other City Funds, Net	(\$809,533)	(\$730,642)	(\$846,529)	(\$834,575)	(\$953,387)	(\$835,000)
Increase in Net Assets	\$862,548	\$1,704,790	\$1,043,451	\$1,664,750	\$1,752,550	\$2,247,105
Net Assets, Beginning of Year	\$38,202,546	\$36,497,756	\$35,454,305	\$33,789,555	\$32,037,005	\$29,789,900
Net Assets, End of Year	\$39,065,094	\$38,202,546	\$36,497,756	\$35,454,305	\$33,789,555	\$32,037,005
Revenue Available for Debt (Op Income + Depr.)	\$3,978,053	\$3,595,973	\$3,516,762	\$3,900,473	\$3,896,929	\$3,757,230
Debt Service Requirement	\$1,938,688	\$1,994,369	\$1,993,519	\$1,984,394	\$1,998,056	\$1,998,056
Debt Service Coverage Ratio	2.05	1.80	1.76	1.97	1.95	1.88

Source: City of Lincoln and BDK LLP

In examining the historic parking system income and expense data in the previous table, it is noted that Total Operating Revenues increased by a compounded annual rate of 3.6% per year. Expenses increased significantly across the period, but Operating Income recovered in 2012. An important driver of these changes is the disruptions to the system necessitated by the construction of the Larson Building and redevelopment in the Haymarket.

The City of Lincoln Parking Services Division is engaged in a product branding program, a new signage program, and equipment upgrades that have increased overall parking operator expenses that are reimbursed as contract services.

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The City of Lincoln is committed to a continuing program of improvements and equipment upgrades, including on-street meter upgrades and communication improvements. For this reason, Operations and Maintenance is not adjusted downward over the projection period, and is projected to increase over the projection period with the expense trend rate.

BASE CASE SCENARIO

The "base case" scenario considers the impact of the Lumberworks Garage expenses without the consideration of income from the Lumberworks Garage project. "As Is" system operating revenue is increased to show the impact of the recently opened Larson Building Garage, and the anticipated opening of the West Depot Lot,

"As Is" system operating revenue is reduced by the displacement of the 14th & Q Lot due to redevelopment of the Larson Building and the 13th & P Lot in 2015. The Iron Horse Lot is noted to be closed. Operating revenue is further reduced by the displacement of the Lumberworks Lot as the redevelopment site of the Lumberworks Garage.

Parking meter rates are doubling in cost from \$0.50 per hour to \$1.00 per hour at most meters, resulting in a 100% increase in meter revenue. Metered on-street spaces are planned to be increased by 450 spaces, from 2,318 spaces to 2,768 spaces; an increase of almost 20%. Additionally, installing "smart" meters with the ability to process credit cards greatly increases the efficiency on-street collections, which is estimated at no less than a 20% boost. Thus, meter revenue is projected to increase by a total of 140% in the first year.

System revenue is conservatively trended to increase at the historical compounded annual rate of 4.5%.

"As Is" operating expenses are increased to reflect projected Larson Garage expenses and West Depot Lot expenses; and reduced by the displacement of the 13th & P Lot and the Lumberworks Lot. An additional annual transfer out of \$750,000 per year to the City is included. Projected Lumberworks Garage depreciation is estimated and projected on a straight line basis over a 45-year estimated effective life.

A debt coverage ratio of 1.5 is used to project any surpluses or deficits in revenue needed to maintain the required minimum revenue coverage. The parking system Base Case income and expense projection, with no Lumberworks Garage revenue, is shown in the table on the following page.

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Table 28: Parking System Base Case Income and Expense Projection – No Lumberworks Garage Revenue

Fiscal Year Ending August 31, _____	2012 (Reconstructed)	2013 (Projected)	2014 (Projected)	2015 (Projected)	2016 (Projected)	2017 (Projected)	2018 (Projected)
Operating Revenues:							
Trend Rate		4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
"As Is" Off-Street System Revenue	\$6,501,977	\$6,795,000	\$7,101,000	\$7,421,000	\$7,755,000	\$8,104,000	\$8,469,000
"As Is" On-Street Meter Revenue	140% 1,305,213	3,133,000	3,274,000	3,421,000	3,575,000	3,736,000	3,904,000
Plus: Larson Garage Revenue	0	627,000	660,000	690,000	720,000	750,000	780,000
Plus: West Depot Lot Revenue	0	43,000	123,000	166,000	170,000	180,000	190,000
less: 13th & P Lot Revenue	0	0	0	(60,000)	(63,000)	(66,000)	(69,000)
less: Iron Horse Lot Revenue	Closed 0	0	0	0	0	0	0
less: Lumberworks Lot Revenue Displaced	0	(80,000)	(84,000)	(88,000)	(92,000)	(96,000)	(100,000)
Reconstructed "As Is" System Revenue	7,807,190	10,518,000	11,074,000	11,550,000	12,065,000	12,608,000	13,174,000
Projected Lumberworks Garage Eff. Gross Income	0	0	0	0	0	0	0
Total Operating Revenue	\$7,807,190	\$10,518,000	\$11,074,000	\$11,550,000	\$12,065,000	\$12,608,000	\$13,174,000
Operating Expenses:							
Trend Rate:	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
"As Is" System Operating Expenses	\$3,829,000	\$3,963,000	\$4,102,000	\$4,246,000	\$4,395,000	\$4,549,000	\$4,708,000
Plus: Projected Larson Garage Expenses	0	295,000	305,000	316,000	327,000	338,000	350,000
Plus: West Depot Lot Expenses	0	30,000	31,100	32,200	33,300	34,500	35,700
less: 13th & P Lot Expenses	0	0	0	(25,000)	(26,000)	(27,000)	(28,000)
less: Iron Horse Lot Expenses	Closed 0	0	0	0	0	0	0
less: Lumberworks Lot Expenses Displaced	0	(11,000)	(11,400)	(11,800)	(12,200)	(12,600)	(13,000)
Reconstructed "As Is" System Operating Expenses	3,829,000	4,277,000	4,426,700	4,557,400	4,717,100	4,881,900	5,052,700
Projected Lumberworks Garage Operating Expenses	0	0	250,000	255,000	261,900	268,600	275,500
Additional Transfer Out to Other City Fund, Net	0	750,000	750,000	750,000	750,000	750,000	750,000
"As Is" System Depreciation	1,237,000	1,237,000	1,237,000	1,237,000	1,237,000	1,237,000	1,237,000
Est. Lumberworks Garage Depreciation (4.5-yr, SL)	0	0	188,889	188,889	188,889	188,889	188,889
Total Operating Expenses	\$5,066,000	\$6,264,000	\$6,852,589	\$6,988,289	\$7,154,889	\$7,326,389	\$7,504,089
Operating Income:	\$2,741,190	\$4,254,000	\$4,221,411	\$4,561,711	\$4,910,111	\$5,281,611	\$5,669,911
Revenue Available for Debt (Op Income + Depr.)	\$3,978,190	\$5,491,000	\$5,647,300	\$5,987,600	\$6,336,000	\$6,707,500	\$7,095,800
Maximum Annual Debt Service (MADS)	\$1,938,688	\$2,614,000	\$2,614,000	\$2,614,000	\$2,614,000	\$2,614,000	\$2,614,000
Debt Service Coverage Ratio	2.05	2.10	2.16	2.29	2.42	2.57	2.71
Debt Service Coverage Ratio Requirement	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Revenue Needed (Op Income + Depr.)	\$2,908,032	\$3,921,000	\$3,921,000	\$3,921,000	\$3,921,000	\$3,921,000	\$3,921,000
DSC Revenue Surplus (Deficit)	\$1,070,158	\$1,570,000	\$1,726,300	\$2,066,600	\$2,415,000	\$2,786,500	\$3,174,800

Source: Walker Parking Consultants

The DSC Revenue surplus (deficit) is calculated above by deducting the Revenue Needed to achieve a 1.5 DCR from the Revenue Available for Debt. The City reports that additional revenue will be pledged by the amount of any deficits from other sources of funds to be used as needed.

PROPOSED LUMBERWORKS GARAGE

MARKET AND FINANCIAL ANALYSIS



WALKER
PARKING CONSULTANTS

OCTOBER 11, 2012 (REVISED NOVEMBER 21, 2012)

WALKER PROJECT #21-3626.10

REVENUE SCENARIO

The revenue scenario includes the impact of the Lumberworks Garage income. Other operating revenue is essentially the same as the Base Case projection. Again, a debt coverage ratio of 1.5 is used to project any surpluses or deficits in revenue needed to maintain the required debt service coverage.

Table 29: Parking System Base Case Income and Expense Projection – With Lumberworks Garage Revenue

Fiscal Year Ending August 31, _____	2012		Year 1		Year 2		Year 3		Year 4		Year 5	
	(Reconstructed)	(Projected)	(Projected)	(Projected)	(Projected)	(Projected)	(Projected)	(Projected)	(Projected)	(Projected)	(Projected)	
Operating Revenues:	Trend Rate		4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	
"As Is" Off-Street System Revenue	\$6,501,977	\$6,795,000	\$7,101,000	\$7,421,000	\$7,755,000	\$8,104,000	\$8,469,000					
"As Is" On-Street Meter Revenue	140% 1,305,213	3,133,000	3,274,000	3,421,000	3,575,000	3,736,000	3,904,000					
Plus: Projected Larson Garage Revenue	0	627,000	660,000	690,000	720,000	750,000	780,000					
Plus: West Depot Lot Revenue	0	43,000	123,000	166,000	170,000	180,000	190,000					
Less: 13th & P Lot Revenue	0	0	0	(60,000)	(63,000)	(66,000)	(69,000)					
Less: Iron Horse Lot Revenue	Closed 0	0	0	0	0	0	0					
Less: Lumberworks Lot Revenue Displaced	(80,000)	(84,000)	(88,000)	(92,000)	(96,000)	(100,000)	(105,000)					
Reconstructed "As Is" System Revenue	7,807,190	10,514,000	11,070,000	11,546,000	12,061,000	12,604,000	13,169,000					
Projected Lumberworks Garage Eff. Gross Income	0	0	560,000	572,000	583,000	595,000	607,000					
Total Operating Revenue	\$7,807,190	\$10,514,000	\$11,630,000	\$12,118,000	\$12,644,000	\$13,199,000	\$13,776,000					
Operating Expenses:	Trend Rate:		3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%		
"As Is" System Operating Expenses	\$3,829,000	\$3,963,000	\$4,102,000	\$4,246,000	\$4,395,000	\$4,549,000	\$4,708,000					
Plus: Projected Larson Garage Expenses	0	295,000	305,000	316,000	327,000	338,000	350,000					
Plus: West Depot Lot Expenses	0	30,000	31,100	32,200	33,300	34,500	35,700					
Less: 13th & P Lot Expenses	0	0	0	(25,000)	(26,000)	(27,000)	(28,000)					
Less: Iron Horse Lot Expenses	Closed 0	0	0	0	0	0	0					
Less: Lumberworks Lot Expenses Displaced	(11,000)	(11,400)	(11,800)	(12,200)	(12,600)	(13,000)	(13,500)					
Reconstructed "As Is" System Operating Expenses	3,818,000	4,276,600	4,426,300	4,557,000	4,716,700	4,881,500	5,052,200					
Projected Lumberworks Garage Operating Expenses	0	0	250,000	255,000	261,900	268,600	275,500					
Additional Transfer Out to Other City Fund, Net	0	750,000	750,000	750,000	750,000	750,000	750,000					
"As Is" System Depreciation	1,237,000	1,237,000	1,237,000	1,237,000	1,237,000	1,237,000	1,237,000					
Est. Lumberworks Garage Depreciation (45-yr, SI)	0	0	188,889	188,889	188,889	188,889	188,889					
Total Operating Expenses	\$5,055,000	\$6,263,600	\$6,852,189	\$6,987,889	\$7,154,489	\$7,325,989	\$7,503,589					
Operating Income:	\$2,752,190	\$4,250,400	\$4,777,811	\$5,130,111	\$5,489,511	\$5,873,011	\$6,272,411					
Revenue Available for Debt (Op Income + Depr.)	\$3,989,190	\$5,487,400	\$6,203,700	\$6,556,000	\$6,915,400	\$7,298,900	\$7,698,300					
Maximum Annual Debt Service (MADS)	\$1,938,688	\$2,614,000	\$2,614,000	\$2,614,000	\$2,614,000	\$2,614,000	\$2,614,000					
Debt Service Coverage Ratio	2.06	2.10	2.37	2.51	2.65	2.79	2.95					
Debt Service Coverage Ratio Requirement	1.50	1.50	1.50	1.50	1.50	1.50	1.50					
Revenue Needed (Op Income + Depr.)	\$2,908,032	\$3,921,000	\$3,921,000	\$3,921,000	\$3,921,000	\$3,921,000	\$3,921,000					
DSC Revenue Surplus (Deficit)	\$1,081,158	\$1,566,400	\$2,282,700	\$2,635,000	\$2,994,400	\$3,377,900	\$3,777,300					

Source: Walker Parking Consultants

PROPOSED LUMBERWORKS GARAGE

MARKET AND FINANCIAL ANALYSIS



WALKER
PARKING CONSULTANTS

OCTOBER 11, 2012 (REVISED NOVEMBER 21, 2012)

WALKER PROJECT #21-3626.10

SUPPLEMENTAL PLEDGE OF FUNDS

The City has reported that deficits in revenue will be supplemented by the pledge of specific capital assets of the city. Debt Service payment is guaranteed by a pledge of the following:

- Net revenue from municipal-owned/operated garages.
- Gross revenue of on-street parking meters, before transfers to the City.
- Revenue and the available balance of the restricted Street Construction Fund (Street Fund).

The 2012 audited report is not yet available. However, cash on hand and current assets as of the end of FY 2012; plus the combined assets held and income retained in the Street Fund is judged to be more than sufficient to maintain adequate debt service coverage.



STATEMENT OF LIMITING CONDITIONS

This report and conclusions are subject to the following limiting conditions:

1. This report is based on some assumptions that are outside the control of Walker Parking Consultants/Engineers, Inc. (“Walker”) and/or our client. Therefore, Walker does not guarantee the results.
2. The results and conclusions presented in this report may be dependent on future assumptions regarding the local, national, or international economy. These assumptions and resultant conclusions may be invalid in the event of war, terrorism, economic recession, rationing, or other events that may cause a significant change in economic conditions.
3. Walker assumes no responsibility for any events or circumstances that take place or change subsequent to the date of our field inspections.
4. All information, estimates, and opinions obtained from parties not employed by Walker, are assumed to be accurate. We assume no liability resulting from information presented by the client or client’s representatives, or received from third-party sources.
5. This report is to be used in whole and not in part. None of the contents of this report may be reproduced or disseminated in any form for external use by anyone other than our client without our written permission.
6. The projections presented in the analysis assume responsible ownership and competent management. Any departure from this assumption may have a negative impact on the conclusions.
7. Computer models that use and generate precise numbers generate some of the figures and conclusions presented in this report. The use of seemingly exact numbers is not intended to suggest a level of accuracy that may not exist. A reasonable margin of error may be assumed regarding most numerical conclusions. Conversely, some numbers are rounded and as a result some conclusions may be subject to small rounding errors.
8. This report was prepared by Walker Parking Consultants, Inc. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of Walker Parking Consultants as employees, rather than as individuals.
9. This report is not an appraisal.

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**CITY OF LINCOLN, NEBRASKA
LINCOLN PARKING SYSTEM
FINANCIAL STATEMENTS & SCHEDULES
Fiscal Years Ended August 31, 2011 and 2010**

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**City of Lincoln, Nebraska
Lincoln Parking System**

Accountants' Report and Financial Statements

August 31, 2011 and 2010



City of Lincoln, Nebraska
Lincoln Parking System
August 31, 2011 and 2010

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Independent Accountants' Report on Financial Statements and Supplementary Information

The Honorable Mayor
and Members of the City Council
Lincoln Parking System
City of Lincoln, Nebraska

We have audited the accompanying basic financial statements of the Lincoln Parking System of the City of Lincoln, Nebraska as of and for the year ended August 31, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Lincoln, Nebraska. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Lincoln Parking System and do not purport to, and do not, present fairly the financial position of the City of Lincoln, Nebraska, as of August 31, 2011 and 2010, and the changes in its financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Lincoln Parking System of the City of Lincoln, Nebraska as of August 31, 2011 and 2010, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the Lincoln Parking System of the City of Lincoln, Nebraska's basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

BKD, LLP

February 17, 2012

City of Lincoln, Nebraska
Lincoln Parking System
Statements of Net Assets
August 31, 2011 and 2010

	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	\$ 87,483	\$ 69,188
Equity in pooled cash and investments, including cash and cash equivalents of \$1,343,941 for 2011 and \$2,135,220 for 2010	8,426,227	7,877,503
Cash and cash equivalents - restricted	181,964	273,860
Accounts receivable	304	14,283
Accrued interest receivable	66,939	47,128
Receivable from developer	666,095	-
Due from other City funds, net	287,086	402,296
Prepaid expenses	59,800	39,383
Total current assets	9,775,898	8,723,641
Restricted Assets		
Cash and cash equivalents	2,349,269	1,361,228
Equity in pooled cash and investments, including cash and cash equivalents of \$1,312,519 for 2011 and \$176,692 for 2010	8,229,414	653,224
Investments	-	482,875
Accrued interest receivable	6,155	3,534
Due from other City funds	290,738	33,477
Total restricted assets	10,875,576	2,534,338
Capital Assets, Net	45,200,889	35,573,853
Deferred Charges	331,686	259,619
Total assets	66,184,049	47,091,451
Liabilities		
Current Liabilities		
Accounts payable	3,384,886	422,287
Accrued liabilities	11,090	6,694
Accrued compensated absences	14,667	6,100
Due to other governments	10,795	21,482
Unearned revenue	826,880	741,957
Accrued interest payable	44,927	20,174
Current portion of long-term debt	860,000	1,510,000
Total current liabilities	5,153,245	2,728,694
Long-term Debt, Net	22,828,257	7,865,000
Total liabilities	27,981,502	10,593,694
Net Assets		
Invested in capital assets, net of related debt	28,732,566	28,020,245
Restricted for debt service	141,935	277,320
Restricted for capital projects	499,914	689,311
Unrestricted	8,828,132	7,510,881
Total net assets	\$ 38,202,547	\$ 36,497,757

City of Lincoln, Nebraska
Lincoln Parking System
Statements of Revenues, Expenses and Changes in Net Assets
Years Ended August 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating Revenues		
Lease	\$ 3,079,256	\$ 3,015,944
Transient	2,310,364	2,202,058
Football	455,952	456,535
Parking meter	1,272,246	1,198,760
Parking coupons	184,292	217,842
Special events	160,335	102,811
Other	<u>25,265</u>	<u>22,511</u>
Total operating revenues	<u>7,487,710</u>	<u>7,216,461</u>
Operating Expenses		
Personal services	228,909	168,752
Contractual services	2,398,545	2,067,121
Operation and maintenance	1,264,283	1,463,826
Depreciation	<u>1,162,061</u>	<u>1,173,196</u>
Total operating expenses	<u>5,053,798</u>	<u>4,872,895</u>
Operating income	<u>2,433,912</u>	<u>2,343,566</u>
Nonoperating Revenues (Expenses)		
Investment income	127,340	148,677
Amortization of deferred charges	(9,512)	(44,162)
Interest expense	(539,064)	(558,100)
Loss on disposal of assets	(30,599)	-
Miscellaneous revenue	<u>448,772</u>	<u>-</u>
Net nonoperating expenses	<u>(3,063)</u>	<u>(453,585)</u>
Excess of Revenues Over Expenses Before Contributions and Transfers	2,430,849	1,889,981
Capital Contributions	4,583	-
Transfers, Net	<u>(730,642)</u>	<u>(846,529)</u>
Increase in Net Assets	1,704,790	1,043,452
Net Assets, Beginning of Year	<u>36,497,757</u>	<u>35,454,305</u>
Net Assets, End of Year	<u><u>\$ 38,202,547</u></u>	<u><u>\$ 36,497,757</u></u>

City of Lincoln, Nebraska
Lincoln Parking System
Statements of Cash Flows
Years Ended August 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating Activities		
Receipts from customers and users	\$ 6,911,352	\$ 7,285,240
Payments to suppliers for goods and services	(3,565,564)	(3,386,333)
Payments to employees	(215,946)	(162,295)
Other receipts	9,165	745
	<u>3,139,007</u>	<u>3,737,357</u>
Noncapital Financing Activities		
Other miscellaneous receipts	448,772	-
Payments from (advances to) other funds	(150,850)	20,644
Net transfers to other funds	(730,642)	(846,529)
	<u>(432,720)</u>	<u>(825,885)</u>
Capital and Related Financing Activities		
Purchase of capital assets	(7,605,575)	(271,131)
Proceeds from long-term debt	20,561,084	-
Cost of debt issuance	(265,523)	-
Principal payments of long-term debt	(6,105,000)	(1,435,000)
Interest paid on long-term debt	(839,702)	(561,188)
	<u>5,745,284</u>	<u>(2,267,319)</u>
Investing Activities		
Purchases of investments	(10,476,715)	(2,841,229)
Proceeds from sale and maturities of investments	3,079,681	3,420,285
Interest and other receipts	204,451	262,359
	<u>(7,192,583)</u>	<u>841,415</u>
Increase in Cash and Cash Equivalents	1,258,988	1,485,568
Cash and Cash Equivalents, Beginning of Year	4,016,188	2,530,620
Cash and Cash Equivalents, End of Year	<u>\$ 5,275,176</u>	<u>\$ 4,016,188</u>
Reconciliation of Cash and Cash Equivalents to the Statements of Net Assets		
Cash and cash equivalents	\$ 87,483	\$ 69,188
Equity in pooled cash and investments	1,343,941	2,135,220
Cash and cash equivalents - restricted - current	181,964	273,860
Cash and cash equivalents - restricted	2,349,269	1,361,228
Equity in pooled cash and investments - restricted	1,312,519	176,692
	<u>\$ 5,275,176</u>	<u>\$ 4,016,188</u>

City of Lincoln, Nebraska
Lincoln Parking System
Statements of Cash Flows - Continued
Years Ended August 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities		
Operating income	\$ 2,433,912	\$ 2,343,566
Depreciation	1,162,061	1,173,196
Changes in operating assets and liabilities		
Accounts receivable	13,979	3,903
Receivable from developer	(666,095)	-
Due from other City funds	-	1,554
Prepaid expenses	(20,417)	398
Accounts payable	119,569	121,180
Accrued liabilities	4,048	3,107
Accrued compensated absences	8,915	3,350
Due to other governments	(10,687)	21,482
Due to other funds	8,799	-
Unearned revenues	84,923	65,621
Net Cash Provided by Operating Activities	<u>\$ 3,139,007</u>	<u>\$ 3,737,357</u>
Supplemental Cash Flows Information		
Payables incurred for acquisition of capital assets	\$ 2,905,241	\$ 62,211
Change in fair value of investments	\$ (99,543)	\$ (81,643)

City of Lincoln, Nebraska
Lincoln Parking System
Notes to Financial Statements
August 31, 2011 and 2010

Note 1: Summary of Significant Accounting Policies

Organization and Nature of Operations

The Parking Lot Revolving Fund and Parking Facilities Fund collectively the Lincoln Parking System (the "System") are enterprise funds of the City of Lincoln, Nebraska (the "City") that are used to account for operations related to the management of parking lots and facilities within the City of Lincoln.

The parking lots and facilities are owned by the City, and operated under the direction of the Mayor and the City Council. The authority to adopt the annual budget, to incur debt and to establish fees, rates and charges are vested in the City Council by the City charter.

The financial statements present only the System and do not purport to, and do not, present fairly the financial position of the City as of August 31, 2011 and 2010, and the changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Measurement Focus and Basis of Accounting

The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The System applies all applicable Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 that do not conflict with or contradict pronouncements of the Governmental Accounting Standards Board.

The System first applies restricted net assets when an expense or outlay is incurred for purposes for which both restricted and unrestricted net assets are available.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

City of Lincoln, Nebraska
Lincoln Parking System
Notes to Financial Statements
August 31, 2011 and 2010

Note 1: Summary of Significant Accounting Policies - Continued

Restricted Assets

Certain proceeds of the System's revenue bonds and resources set aside for their repayment are classified as restricted assets on the statements of net assets because their use is limited by applicable bond covenants. Assets included in the Bond Principal and Interest Account and the Bond Reserve Account are restricted for the payment of bond principal and interest. Assets included in the Depreciation and Replacement Account are restricted for purposes including improvements, repairs and replacements, and acquisition of equipment. Assets included in the Construction Account are restricted for paying the cost of capital projects.

Deposits and Investments

The City Treasurer is responsible for the safekeeping of cash and invested funds of the System. The City is authorized to invest in "certificates of deposit, time deposits, and any securities in which the State investment officer is authorized to invest pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act and as provided in the authorized investment guidelines of the Nebraska Investment Council in effect on the date the investment is made." Cash balances in excess of current requirements are invested along with cash from other City funds and the interest earned on these investments is allocated monthly to the various funds by the City Treasurer on a pro rata basis of using aggregate quarterly balances.

For the purposes of the Statement of Cash Flows, the System considers cash on hand and in the bank, as well as cash and equity in pooled cash and investments held by the City Treasurer, which are readily convertible to known amounts of cash and have original maturities of three months or less, to be cash and cash equivalents.

The System participates in a cash management pool managed by the City. The pool consists of bank deposits and investments. The System's interest in this pool is shown as equity in pooled cash and investments in the statements of net assets. Fair value of the equity in the pool is the same as the value of the pool shares determined using the fair value of the pool's underlying investment portfolio.

Investments are carried at fair value. Investment income includes interest income and the net change for the year in the fair value of investments.

Accounts Receivable

Accounts receivable are stated at amounts billed to customers. Accounts receivable are ordinarily due on the 10th of each month. Parking privileges are subject to cancellation and late fees for accounts that are unpaid after the 15th of the month. Management does not believe an allowance for doubtful accounts is necessary at August 31, 2011 and 2010.

City of Lincoln, Nebraska
Lincoln Parking System
Notes to Financial Statements
August 31, 2011 and 2010

Note 1: Summary of Significant Accounting Policies - Continued

Capital Assets

The cost of additions and replacements to land, parking facilities, improvements and equipment in service is capitalized. Cost includes acquisition price, negotiation and appraisal services and payments to contractors. The cost of land, facilities, improvements and equipment along with the related accumulated depreciation is removed from the books at time of disposal and a gain or loss is recognized. Expenditures for maintenance and repairs are charged to current expenses. Depreciation expense is calculated on the straight-line method over the estimated useful lives of the assets. Depreciation expense recognized on contributed assets is charged to operations in accordance with similar capital assets.

The following useful lives are being used by the System:

Estimated Useful Lives

Parking Facilities	40 - 50 years
Improvements	10 - 25 years
Machinery and equipment	5 - 10 years

During 2011, the Lincoln Parking System incurred \$905,572 of interest cost. Interest capitalized into construction in progress during 2011 was \$366,508. Capitalized interest is added to the cost of the underlying assets and is amortized over the useful lives of the assets. There was no interest capitalized during 2010.

Deferred Bond Issuance Costs

Costs related to the issuance of long-term debt are deferred and amortized over the term of the related debt using the bonds-outstanding method.

Compensated Absences

Employees earn vacation days at a variable rate based on years of service. In the event of termination, an employee is reimbursed for accumulated vacation time up to a maximum allowed accumulation. Employees earn sick leave at the rate of one day per month. Upon retirement, an employee is reimbursed for one-half or up to 65% of accumulated sick leave. In some cases payment may be placed directly in a medical spending account rather than reimbursing the employee directly.

City of Lincoln, Nebraska
Lincoln Parking System
Notes to Financial Statements
August 31, 2011 and 2010

Note 1: Summary of Significant Accounting Policies - Continued

Compensated Absences - Continued

Vacation leave and other compensated absences with similar characteristics are accrued as the benefits are earned if the leave is attributable to past service and it is probable that the System will compensate the employees for such benefits. Sick leave and other compensated absences with similar characteristics are accrued as the benefits are earned only to the extent it is probable that the System will compensate the employees for such benefits through cash payments conditioned on the employee's termination or retirement. Such accruals are based on current salary rates and include salary-related payments directly and incrementally associated with payments made for compensated absences on termination.

Unearned Revenue

Revenue from various prepay parking programs is deferred and recognized over the periods to which it relates.

Net Assets

Net assets are required to be classified into three components - invested in capital assets, net of related debt, restricted and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt - This component of net assets consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets. If there are significant unspent related debt proceeds at year-end, the portion of debt attributable to the unspent proceeds is not included in the calculation of invested capital assets, net of related debt.

Restricted - This component of net assets consists of restrictions placed on net assets use through external constraints imposed by creditors (such as through debt covenants), contributors or law or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

City of Lincoln, Nebraska
Lincoln Parking System
Notes to Financial Statements
August 31, 2011 and 2010

Note 1: Summary of Significant Accounting Policies - Continued

Operating and Nonoperating Revenues and Expenses

As an enterprise fund, the System distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the System's principal ongoing operations. Operating revenues include all fees charged for parking garages and meters. Operating expenses include personnel costs, contractual services, the cost of materials and services for operation and maintenance, and depreciation on capital assets.

All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Investment income, interest expense, and amortization of deferred charges are classified as nonoperating revenues or expenses.

Reclassifications

Certain reclassifications have been made to the 2010 financial statements to conform to the 2011 financial statement presentation. These reclassifications had no effect on the change in net assets.

Note 2: Deposits, Investments and Investment Return

Deposits

State statutes require banks either to provide a bond or to pledge government securities to the City Treasurer in the amount of the City's deposits. The Fund has been allocated a portion of the City's pooled cash and investments. Pursuant to legislation enacted in 2010, the FDIC will fully insure all noninterest-bearing transaction accounts beginning December 31, 2010 through December 31, 2012, at all FDIC-insured institutions. For interest-bearing cash accounts, the City's cash deposits, including certificates of deposit, are insured up to \$250,000 by the FDIC. Effective July 21, 2010, the FDIC's insurance limits were permanently increased to \$250,000. Any cash deposits or certificates of deposit in excess of the \$250,000 FDIC limits are covered by collateral held in a Federal Reserve pledge account or by an agent for the City and thus no custodial risk exists. No legal opinion has been obtained regarding the enforceability of any of the collateral arrangements.

City of Lincoln, Nebraska
Lincoln Parking System
Notes to Financial Statements
August 31, 2011 and 2010

Note 2: Deposits and Investments - Continued

Investments

The System may legally invest in U.S. government securities and agencies, U.S. government sponsored agencies, and in bank repurchase agreements. It may also invest to a limited extent in corporate bonds, bankers' acceptances and investment agreements.

At August 31, 2011 and 2010, the System had the following investments and credit ratings:

<u>Type</u>	<u>2011</u>	<u>2010</u>	<u>Credit Ratings Moody's/S&P</u>
Money market mutual funds	\$ 2,056,061	\$ 1,624,916	N/A
U.S. agency obligations	-	482,875	Aaa/AAA
	<u>\$ 2,056,061</u>	<u>\$ 2,107,791</u>	

All of the above investments mature within one year of August 31, 2011 and 2010, respectively.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investment securities that are in the possession of an outside party.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the System's investment policy limits current operating funds to be invested with maturities of not longer than twenty-four months. Fixed income investments held in construction funds, operating funds, and other nonoperating funds are limited to ten year maturities. Money market mutual funds are presented as investments with a maturity of less than one year because they are redeemable in full immediately.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy establishes requirements for certain investment securities to be rated at certain rates or higher. The following investment types must be rated at the minimum rates noted below:

Money Markets	Aa / AA
Corporate Notes	Aa3 / AA-
Investment Agreements	Aa3 / AA-

The money market funds are comprised of highly rated securities.

City of Lincoln, Nebraska
Lincoln Parking System
Notes to Financial Statements
August 31, 2011 and 2010

Note 2: Deposits and Investments - Continued

Concentration of Credit Risk

The City's investment policy places various limits on the amount that may be invested in any one issuer. Per the policy, allocation limits do not apply to the investment of proceeds from issuance of debt. These investments shall be governed by the debt covenant included in the debt instrument. Non-compliance due to a decrease in investment balance does not require corrective action. At August 31, 2010, the System's investments in Federal Home Loan Bank of \$482,875 constituted 5% of its total investments.

Summary of Carrying Values

The carrying values of deposits and investments are included in the statements of net assets as follows:

	<u>2011</u>	<u>2010</u>
Carrying value		
Deposits	\$ 562,655	\$ 79,360
Investments	2,056,061	2,107,791
Equity in pooled cash and investments	<u>16,655,641</u>	<u>8,530,727</u>
	<u>\$ 19,274,357</u>	<u>\$ 10,717,878</u>
Included in the following statements of net assets captions		
Cash and cash equivalents	\$ 87,483	\$ 69,188
Equity in pooled cash and investments	8,426,227	7,877,503
Cash and cash equivalents - restricted - current	181,964	273,860
Cash and cash equivalents - restricted	2,349,269	1,361,228
Equity in pooled cash and investments - restricted	8,229,414	653,224
Investments - restricted	<u>-</u>	<u>482,875</u>
	<u>\$ 19,274,357</u>	<u>\$ 10,717,878</u>

City of Lincoln, Nebraska
Lincoln Parking System
Notes to Financial Statements
August 31, 2011 and 2010

Note 3: Capital Assets

Capital asset activity for the year ended August 31, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 8,015,537	\$ 2,100,667	\$ -	\$ -	\$ 10,116,204
Construction in progress	166,675	8,678,318	-	(112,539)	8,732,454
Total capital assets, not being depreciated	<u>8,182,212</u>	<u>10,778,985</u>	<u>-</u>	<u>(112,539)</u>	<u>18,848,658</u>
Capital assets, being depreciated:					
Parking facilities	41,813,996	-	(185,047)	112,539	41,741,488
Improvements	513,576	-	-	-	513,576
Machinery and equipment	1,844,644	40,711	(45,957)	-	1,839,398
Total capital assets, being depreciated	<u>44,172,216</u>	<u>40,711</u>	<u>(231,004)</u>	<u>112,539</u>	<u>44,094,462</u>
Less accumulated depreciation for					
Parking facilities	15,406,244	965,624	(162,019)	-	16,209,849
Improvements	447,511	14,523	-	-	462,034
Machinery and equipment	926,820	181,914	(38,386)	-	1,070,348
Total accumulated depreciation	<u>16,780,575</u>	<u>1,162,061</u>	<u>(200,405)</u>	<u>-</u>	<u>17,742,231</u>
Total capital assets, being depreciated, net	<u>27,391,641</u>	<u>(1,121,350)</u>	<u>(30,599)</u>	<u>112,539</u>	<u>26,352,231</u>
Capital assets, net	<u>\$ 35,573,853</u>	<u>\$ 9,657,635</u>	<u>\$ (30,599)</u>	<u>\$ -</u>	<u>\$ 45,200,889</u>

The System is constructing a new parking facility, which is scheduled for completion in 2012. As of August 31, 2011, the System incurred approximately \$11,000,000 of costs for this project. The estimated cost to be incurred in 2012, to complete construction of the System's facility, is approximately \$9,000,000. In connection with this project, the System has entered into a redevelopment agreement for the construction of residential condominiums attached to the facility. Under this agreement, the System will pay for the initial costs of construction of these units and the developer will reimburse the System upon substantial completion of structural construction. The developer's portion is currently estimated to be approximately \$3,000,000. At August 31, 2011, the System has recorded a receivable for approximately \$666,000 for costs incurred on the project, which will be reimbursed under the redevelopment agreement.

City of Lincoln, Nebraska
Lincoln Parking System
Notes to Financial Statements
August 31, 2011 and 2010

Note 3: Capital Assets - Continued

Capital asset activity for the year ended August 31, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 8,015,537	\$ -	\$ -	\$ -	\$ 8,015,537
Construction in progress	-	166,675	-	-	166,675
Total capital assets, not being depreciated	<u>8,015,537</u>	<u>166,675</u>	<u>-</u>	<u>-</u>	<u>8,182,212</u>
Capital assets, being depreciated:					
Parking facilities	41,784,460	29,536	-	-	41,813,996
Improvements	513,576	-	-	-	513,576
Machinery and equipment	1,707,513	137,131	-	-	1,844,644
Total capital assets, being depreciated	<u>44,005,549</u>	<u>166,667</u>	<u>-</u>	<u>-</u>	<u>44,172,216</u>
Less accumulated depreciation for:					
Parking facilities	14,436,607	969,637	-	-	15,406,244
Improvements	423,415	24,096	-	-	447,511
Machinery and equipment	747,357	179,463	-	-	926,820
Total accumulated depreciation	<u>15,607,379</u>	<u>1,173,196</u>	<u>-</u>	<u>-</u>	<u>16,780,575</u>
Total capital assets, being depreciated, net	<u>28,398,170</u>	<u>(1,006,529)</u>	<u>-</u>	<u>-</u>	<u>27,391,641</u>
Capital assets, net	<u>\$ 36,413,707</u>	<u>\$ (839,854)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,573,853</u>

City of Lincoln, Nebraska
Lincoln Parking System
Notes to Financial Statements
August 31, 2011 and 2010

Note 4: Long-term Debt Obligations

Long-term liability activity for the years ended August 31, 2011 and 2010 was as follows:

2011	Beginning Balance	Additions	Reductions	Refunds	Ending Balance	Due Within One Year
Long-term Liabilities						
Revenue bonds payable	\$ 9,375,000	\$ 20,585,000	\$ 580,000	\$ 5,525,000	\$ 23,855,000	\$ 860,000
Deferred bond issuance discount	-	(23,916)	-	-	(23,916)	-
Loss on bond refunding	-	(183,944)	(41,117)	-	(142,827)	-
Net Revenue bonds payable	<u>\$ 9,375,000</u>	<u>\$ 20,377,140</u>	<u>\$ 538,883</u>	<u>\$ 5,525,000</u>	<u>\$ 23,688,257</u>	<u>\$ 860,000</u>
2010						
Long-term Liabilities						
Revenue bonds payable	<u>\$ 10,810,000</u>	<u>\$ -</u>	<u>\$ 1,435,000</u>	<u>\$ -</u>	<u>\$ 9,375,000</u>	<u>\$ 1,510,000</u>

Revenue bonds payable is comprised of the following individual issues:

	Original Amount	Interest Rate	Date Callable	2011 Principal Amount Outstanding	2010 Principal Amount Outstanding
Parking Revenue and Refunding Bonds, Series 1999A, due term 2014	\$ 6,695,000	5.375%	2009	\$ -	\$ 5,525,000
Parking Revenue Bonds, Series 2001, due serially through 2017	4,360,000	3.75% to 5.00%	2011	1,935,000	2,210,000
Parking Revenue Bonds, Series 2001, due term 2021	1,640,000	5.125%	2011	1,640,000	1,640,000
Parking Revenue Bonds, Series 2010B due serially through 2014	2,065,000	1.25% to 2.85%	N/A	1,760,000	-
Parking Revenue and Refunding Bonds, Series 2011, due serially through 2024	7,745,000	2.00% to 5.00%	2021	7,745,000	-
Parking Revenue and Refunding Bonds, Series 2011, due term 2031	10,775,000	5.00% to 5.50%	2021	10,775,000	-
				<u>\$ 23,855,000</u>	<u>\$ 9,375,000</u>

The net revenues derived from the operations of the System are pledged as security for the revenue bonds.

City of Lincoln, Nebraska
Lincoln Parking System
Notes to Financial Statements
August 31, 2011 and 2010

Note 4: Long-term Debt Obligations - Continued

The debt service requirements as of August 31, 2011 are as follows:

Year Ending August 31,	Principal	Interest	Total
2012	\$ 860,000	\$ 1,078,688	\$ 1,938,688
2013	885,000	1,055,800	1,940,800
2014	915,000	1,029,138	1,944,138
2015	875,000	997,469	1,872,469
2016	900,000	970,894	1,870,894
2017-2021	5,050,000	4,314,175	9,364,175
2022-2026	6,300,000	3,069,650	9,369,650
2027-2031	8,070,000	1,302,969	9,372,969
	<u>\$ 23,855,000</u>	<u>\$ 13,818,783</u>	<u>\$ 37,673,783</u>

Bond Refunding

In 2011, the System issued \$4,025,000 in parking refunding bonds with an average interest rate of 4.9% to refund \$5,525,000 in outstanding Parking Revenue Bonds, Series 1999A. The refunding resulted in a cash flow differential of \$(346,476) and an economic loss of \$(25,445).

Note 5: Risk Management

The System participates in the City's self-insurance program administered by the City's Risk Management Division. The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees and the public; or acts of God. The City has a self-insured retention for workers' compensation exposures up to \$750,000 per individual; building and contents exposures up to \$50,000 per occurrence; general liability exposures up to \$250,000 per occurrence; public officials exposures up to \$250,000 per occurrence; auto liability exposures up to \$250,000, and employee long-term disability.

Workers' compensation, general liability, and public officials liability are covered by excess insurance which provides statutory limits above the City's retention. Auto liability is covered by a policy which provides a limit of \$6 million. The Nebraska Political Tort Claims Act limits the City's liability for tort claims to \$1 million per individual and \$5 million per occurrence. Settled claims have not exceeded coverage in any of the past three fiscal years.

Premium amounts are paid to the Insurance Revolving Fund, including an estimate of the liability for claims incurred but not yet reported as of August 31, 2011 and 2010. The System incurred insurance expense of approximately \$60,000 annually in 2011 and 2010.

**City of Lincoln, Nebraska
Lincoln Parking System**

Notes to Financial Statements

August 31, 2011 and 2010

Note 6: Related Party Transactions

The City provides certain administrative services to the System for which the System pays fees to the City. These fees amounted to approximately \$161,000 and \$86,000 for the years ended August 31, 2011 and 2010, respectively.

The City of Lincoln General Fund has borrowed monies from the pooled cash and investment account. The System's allocated share of the borrowing was \$588,471 and \$437,621, as of August 31, 2011 and 2010, respectively. These amounts are included in Due from Other City Funds on the statements of net assets, reflected net of amounts owed to other City funds by the System.

Supplementary Information

City of Lincoln, Nebraska
Lincoln Parking System
Combining Schedule - Statement of Net Assets
August 31, 2011

Assets	Parking Lot Revolving Fund	Parking Facilities Fund	Total
Current Assets			
Cash and cash equivalents	\$ 3,501	\$ 83,982	\$ 87,483
Equity in pooled cash and investments	1,942,798	6,483,429	8,426,227
Cash and cash equivalents - restricted	-	181,964	181,964
Accounts receivable	9	295	304
Accrued interest receivable	6,198	60,741	66,939
Receivable from developer	-	666,095	666,095
Due from other City funds, net	68,665	218,421	287,086
Prepaid expenses	39,383	20,417	59,800
Total current assets	<u>2,060,554</u>	<u>7,715,344</u>	<u>9,775,898</u>
Restricted Assets			
Cash and cash equivalents	-	2,349,269	2,349,269
Equity in pooled cash and investments	-	8,229,414	8,229,414
Accrued interest receivable	-	6,155	6,155
Due from other City funds	-	290,738	290,738
Total restricted assets	<u>-</u>	<u>10,875,576</u>	<u>10,875,576</u>
Capital Assets, Net	<u>438,764</u>	<u>44,762,125</u>	<u>45,200,889</u>
Deferred Charges	<u>-</u>	<u>331,686</u>	<u>331,686</u>
Total assets	<u>2,499,318</u>	<u>63,684,731</u>	<u>66,184,049</u>
Liabilities			
Current Liabilities			
Accounts payable	10,225	3,374,661	3,384,886
Accrued liabilities	-	11,090	11,090
Accrued compensated absences	-	14,667	14,667
Due to other governments	8,578	2,217	10,795
Unearned revenue	20,650	806,230	826,880
Accrued interest payable	-	44,927	44,927
Current portion of long-term debt	-	860,000	860,000
Total current liabilities	<u>39,453</u>	<u>5,113,792</u>	<u>5,153,245</u>
Long-term Debt, Net	<u>-</u>	<u>22,828,257</u>	<u>22,828,257</u>
Total liabilities	<u>39,453</u>	<u>27,942,049</u>	<u>27,981,502</u>
Net Assets			
Invested in capital assets, net of related debt	438,764	28,293,802	28,732,566
Restricted for debt service	-	141,935	141,935
Restricted for capital projects	-	499,914	499,914
Unrestricted	2,021,101	6,807,031	8,828,132
Total net assets	<u>\$ 2,459,865</u>	<u>\$ 35,742,682</u>	<u>\$ 38,202,547</u>

City of Lincoln, Nebraska
Lincoln Parking System
Combining Schedule - Statement of Net Assets
August 31, 2010

Assets	Parking Lot Revolving Fund	Parking Facilities Fund	Total
Current Assets			
Cash and cash equivalents	\$ 8,282	\$ 60,906	\$ 69,188
Equity in pooled cash and investments	1,668,492	6,209,011	7,877,503
Cash and cash equivalents - restricted	-	273,860	273,860
Accounts receivable	680	13,603	14,283
Accrued interest receivable	8,807	38,321	47,128
Due from other City funds, net	85,573	316,723	402,296
Prepaid expenses	39,383	-	39,383
Total current assets	<u>1,811,217</u>	<u>6,912,424</u>	<u>8,723,641</u>
Restricted Assets			
Cash and cash equivalents	-	1,361,228	1,361,228
Equity in pooled cash and investments	-	653,224	653,224
Investments	-	482,875	482,875
Accrued interest receivable	-	3,534	3,534
Due from other City funds	-	33,477	33,477
Total restricted assets	<u>-</u>	<u>2,534,338</u>	<u>2,534,338</u>
Capital Assets, Net	<u>454,949</u>	<u>35,118,904</u>	<u>35,573,853</u>
Deferred Charges	<u>-</u>	<u>259,619</u>	<u>259,619</u>
Total assets	<u>2,266,166</u>	<u>44,825,285</u>	<u>47,091,451</u>
Liabilities			
Current Liabilities			
Accounts payable	64,842	357,445	422,287
Accrued liabilities	-	6,694	6,694
Accrued compensated absences	-	6,100	6,100
Due to other governments	21,482	-	21,482
Unearned revenue	13,715	728,242	741,957
Accrued interest payable	-	20,174	20,174
Current portion of long-term debt	-	1,510,000	1,510,000
Total current liabilities	<u>100,039</u>	<u>2,628,655</u>	<u>2,728,694</u>
Long-term Debt, Net	<u>-</u>	<u>7,865,000</u>	<u>7,865,000</u>
Total liabilities	<u>100,039</u>	<u>10,493,655</u>	<u>10,593,694</u>
Net Assets			
Invested in capital assets, net of related debt	454,949	27,565,296	28,020,245
Restricted for debt service	-	277,320	277,320
Restricted for capital projects	-	689,311	689,311
Unrestricted	1,711,178	5,799,703	7,510,881
Total net assets	<u>\$ 2,166,127</u>	<u>\$ 34,331,630</u>	<u>\$ 36,497,757</u>

City of Lincoln, Nebraska
Lincoln Parking System
Combining Schedule - Statement of Revenues,
Expenses and Changes in Net Assets
Year Ended August 31, 2011

	Parking Lot Revolving	Parking Facilities	Total
Operating Revenues			
Lease	\$ 106,785	\$ 2,972,471	\$ 3,079,256
Transient	157,481	2,152,883	2,310,364
Football	90,494	365,458	455,952
Parking meter	-	1,272,246	1,272,246
Parking coupons	-	184,292	184,292
Special events	7,142	153,193	160,335
Other	1,206	24,059	25,265
	<u>363,108</u>	<u>7,124,602</u>	<u>7,487,710</u>
Total operating revenues			
Operating Expenses			
Personal services	-	228,909	228,909
Contractual services	58,052	2,340,493	2,398,545
Operation and maintenance	227,677	1,036,606	1,264,283
Depreciation	28,081	1,133,980	1,162,061
	<u>313,810</u>	<u>4,739,988</u>	<u>5,053,798</u>
Total operating expenses			
Operating income			
	<u>49,298</u>	<u>2,384,614</u>	<u>2,433,912</u>
Nonoperating Revenues (Expenses)			
Investment income	2,696	124,644	127,340
Amortization of deferred charges	-	(9,512)	(9,512)
Interest expense	-	(539,064)	(539,064)
Loss on disposal of assets	-	(30,599)	(30,599)
Miscellaneous revenue	-	448,772	448,772
	<u>2,696</u>	<u>(5,759)</u>	<u>(3,063)</u>
Net nonoperating revenues (expenses)			
Excess of Revenues Over Expenses Before			
Contributions and Transfers	51,994	2,378,855	2,430,849
Capital Contributions	-	4,583	4,583
Transfers, Net	<u>241,744</u>	<u>(972,386)</u>	<u>(730,642)</u>
Increase in Net Assets			
	293,738	1,411,052	1,704,790
Net Assets, Beginning of Year			
	<u>2,166,127</u>	<u>34,331,630</u>	<u>36,497,757</u>
Net Assets, End of Year			
	<u>\$ 2,459,865</u>	<u>\$ 35,742,682</u>	<u>\$ 38,202,547</u>

City of Lincoln, Nebraska
Lincoln Parking System
Combining Schedule - Statement of Revenues,
Expenses and Changes in Net Assets
Year Ended August 31, 2010

	Parking Lot Revolving	Parking Facilities	Total
Operating Revenues			
Lease	\$ 133,456	\$ 2,882,488	\$ 3,015,944
Transient	228,441	1,973,617	2,202,058
Football	98,994	357,541	456,535
Parking meter	-	1,198,760	1,198,760
Parking coupons	-	217,842	217,842
Special events	6,655	96,156	102,811
Other	1,177	21,334	22,511
	<u>468,723</u>	<u>6,747,738</u>	<u>7,216,461</u>
Total operating revenues			
Operating Expenses			
Personal services	-	168,752	168,752
Contractual services	109,424	1,957,697	2,067,121
Operation and maintenance	249,674	1,214,152	1,463,826
Depreciation	26,983	1,146,213	1,173,196
	<u>386,081</u>	<u>4,486,814</u>	<u>4,872,895</u>
Total operating expenses			
Operating income	<u>82,642</u>	<u>2,260,924</u>	<u>2,343,566</u>
Nonoperating Revenues (Expenses)			
Investment income	27,023	121,654	148,677
Amortization of deferred charges	-	(44,162)	(44,162)
Interest expense	-	(558,100)	(558,100)
	<u>27,023</u>	<u>(480,608)</u>	<u>(453,585)</u>
Net nonoperating revenues (expenses)			
Excess of Revenues Over Expenses Before Transfers	109,665	1,780,316	1,889,981
Transfers, Net	<u>(3,529)</u>	<u>(843,000)</u>	<u>(846,529)</u>
Increase in Net Assets	106,136	937,316	1,043,452
Net Assets, Beginning of Year	<u>2,059,991</u>	<u>33,394,314</u>	<u>35,454,305</u>
Net Assets, End of Year	<u>\$ 2,166,127</u>	<u>\$ 34,331,630</u>	<u>\$ 36,497,757</u>

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE

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SUMMARY OF CERTAIN PROVISIONS OF THE ORDINANCE

General

The Bonds are issued under and secured by the Ordinance. The following is a brief summary of certain provisions of the Ordinance. Such summary does not purport to be comprehensive or definitive and is subject to all of the terms and provisions of the Ordinance, to each of which reference is hereby made. A copy of the Ordinance is available for review at the office of the City Clerk.

Certain Definitions

In addition to words and terms defined elsewhere in this Official Statement, the following words and terms are defined by the Ordinance in the manner set forth below:

“Available Street Funds” means all undesignated amounts on deposit in the city’s Street Construction Fund, which shall include amounts, if any, distributed by the State to the City pursuant to Section 66-4,148, Reissue Revised Statutes of Nebraska, as amended, or any similar provision of State law hereafter enacted, for street purposes, if and to the extent undesignated and available for application to payment of the Principal and Interest Requirements in respect of the Bonds and to make up any deficiencies in the Bond Fund, Reserve Fund and Renewal and Replacement Fund.

“Bond Fund” means the Parking Revenue Bond Fund created and so designated by the Ordinance.

“Construction Fund” means the Parking Revenue Bond Construction Fund created and so designated by the Ordinance.

“Escrow Obligations” means (1) Government Obligations, (2) certificates of deposit issued by a bank or trust company which are (a) fully insured by the Federal Deposit Insurance Corporation or similar corporation chartered by the United States or (b) secured by a pledge of any Government Obligations having an aggregate market value, exclusive of accrued interest, equal at least to the principal amount of the certificates so secured, which security is held in a custody account by a custodian satisfactory to the Trustee, or (3)(a) evidences of a direct ownership in future interest or principal on Government Obligations, which Government Obligations are held in a custody account by a custodian satisfactory to the Trustee, pursuant to the terms of a custody agreement in form and substance acceptable to the Trustee, and (b) obligations issued by any state of the United States or any political subdivision, public instrumentality or public authority of any state, which obligations are fully secured by and payable solely from Government Obligations, which Government Obligations are held pursuant to an agreement in form and substance acceptable to the Trustee, and, in any such case, maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make the payment secured thereby.

“Government Obligations” means direct and general obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.

“Gross On-Street Revenues” means the gross fees, charges, income, and revenues, excluding fines and related administrative costs, from all on-street metered parking of the City.

“Interest Payment Date” means such dates as are established for the payment of interest on a series of Bonds.

“Investment Securities” means:

(1) Any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any federal agency to the extent unconditionally guaranteed by the United States of America, and any certificate or any other evidences of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in this paragraph (1);

(2) Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (a) which are (i) not callable prior to maturity or (ii) as to which irrevocable instructions have been given to the trustee or paying agent of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in paragraph (1) above which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in (a) of this paragraph (2), as appropriate, (c) as to which the principal of and interest on the bonds and obligations of the character described in paragraph (1) above which have been deposited in such fund along with any cash on deposit in such fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph (2) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in (a) of this paragraph (2) as appropriate, and any certificates or any other evidences of an ownership interest in obligations or specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in this paragraph (2);

(3) Any bonds or other obligations or specified portions thereof (which may consist of specified portions of the interest thereon) which the Finance Director or the City Controller of the City determines are of credit quality essentially equivalent to the investments described in paragraph (1) above, and any certificates or any other evidences of an ownership interest in obligations or specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in this paragraph (3);

(4) Bonds, debentures, or other evidences of indebtedness issued or guaranteed by any agency or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America;

(5) New housing authority bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(6) Obligations of any state of the United States of America, or of any agency, instrumentality or local government unit of any such state which are, at the time of purchase, rated by Moody's Investors Service ("Moody's") or Standard & Poor's Corporation, a division of The McGraw-Hill Companies ("S&P"), in either of its two highest whole rating categories, for comparable types of debt obligations;

(7) Certificates of deposit, whether negotiable or nonnegotiable, issued by any bank or trust company organized under the laws of any state of the United States or any national banking association (including the Trustee) or any savings and loan association, in each case, which is an insured depository institution (as defined in 12 U.C.C. §§ 1801 et seq.) provided that the aggregate principal amount of all certificates of deposit issued by any such bank, trust company, national banking association or savings and loan association which are purchased with moneys held in any fund or account under the Ordinance shall not exceed at any time 10% of the total capital, surplus and undivided earnings of such bank, trust company, national banking association or savings and loan association unless such certificates of deposit are (a) fully insured by the Federal Deposit Insurance Corporation or (b) secured, to the extent not insured by the Federal Deposit Insurance Corporation, by such securities as are described in paragraphs (1) through (6) or (8) through (11) of this definition having market value (exclusive of accrued interest, other than accrued interest paid in connection with the purchase of such securities) at least equal to the principal amount of such certificates of deposit (or portion thereof not insured by the Federal Deposit Insurance Corporation) which shall be lodged with the City Treasurer or a fiduciary, as custodian, by such bank, trust

company, national banking association or savings and loan association, and such bank, trust company, national banking association or savings and loan association shall furnish the City Treasurer with an undertaking satisfactory to him that the aggregate market value of all such obligations securing such certificates of deposit will at all times be an amount which meets the requirements of this clause (b) and the City Treasurer shall be entitled to rely on each such undertaking;

(8) Bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by any corporation which are, at the time of purchase, rated by Moody's or S&P in either of its two highest whole rating categories, for comparable types of debt obligations;

(9) Any repurchase agreement which is secured by any one or more of the securities described in paragraphs (1), (2), (3), (4), or (5) above;

(10) Interests in a portfolio of debt instruments containing only obligations described in any of the foregoing paragraphs, including, without limitation, a mutual fund or a money market fund satisfying the requirements of this paragraph (10), and;

(11) Any other obligations which are, at the time of purchase, rated by Moody's or S&P or which are guaranteed or provided by an entity which is rated by Moody's or S&P in either of its two highest whole rating categories.

“Net Off-Street Revenues” means all revenues or income derived by the City, directly or indirectly, from the ownership, use, and operation of all motor vehicle off-street parking facilities acquired, purchased, constructed or installed by the City with the proceeds of Bonds or from the Surplus Fund, less Operating Expenses.

“Operating Expenses” means and includes the reasonable and necessary expenses incurred in the management, operation and maintenance of a Project and, without limiting the generality of the foregoing, shall include the following items:

(1) costs and expenses of the City which are reasonably and properly allocable to a Project;

(2) costs of collecting the income and revenues derived from a Project;

(3) engineering, auditing, legal and other overhead expenses directly related to the administration, operation, maintenance, and repair of a Project;

(4) costs of salaries, wages and other compensation of officers and employees and payments to pension, retirement, health and hospitalization funds, workmen's compensation and other insurance, including self-insurance for the foregoing;

(5) costs of routine repairs, replacements, renewals and alterations occurring in the usual course of business;

(6) taxes, assessments, installments of assessments, interest on assessments or installments of assessments, and other governmental charges or payments in lieu thereof imposed on a Project or any part thereof or on the operation thereof or on the income therefrom or on any privilege in connection with the ownership or operation of a Project or otherwise imposed on a Project or the operation thereof or income therefrom;

(7) costs of utility services, exclusive of costs of installation or construction which are considered to be capital outlays in nature;

(8) costs of material and supplies used in the ordinary course of business, including ordinary and current rentals of equipment or other property;

(9) contractual services and professional services, including, but not limited to, legal, engineering, architectural, planning, financial and consultants;

(10) costs of fidelity bonds, or a properly allocable share of the premium of any blanket bond, pertaining to a Project or the Pledged Revenues or any other moneys held under the Ordinance or required thereby to be held or deposited thereunder;

(11) costs of carrying out the provisions of the Ordinance, including trustee's and paying agent's fees and expenses; costs of insurance required by the Ordinance, or such other insurance as may be deemed necessary for the proper protection of a Project or the Pledged Revenues, or a properly allocable share of any premium of any blanket policy pertaining to a Project or the Pledged Revenues; fees and expenses of the accountants and legal fees and expenses; and costs of recording, mailing and publication; and

(12) all other costs and expenses of managing, operating, maintaining and repairing a Project arising in the routine and normal course of business or in the carrying out of the Ordinance and any Series Ordinance; provided, however, that the term "Operating Expenses" shall not include (a) any allowance for depreciation; (b) costs of extensions, enlargements, betterments and improvements of a Project or reserves therefor other than the cost of preliminary planning; or (c) payment (including redemption) of Bonds or other evidence of indebtedness or interest and premium thereon or reserves therefor.

"Outstanding" means all Bonds theretofore issued and not yet paid or discharged under the terms of the Ordinance.

"Pledged Revenues" means the Net Off-Street Revenues, the Net On-Street Revenues and the Available Street Funds.

"Project" means any off-street motor vehicle parking facility acquired, purchased, constructed or installed by the City with the proceeds of Bonds or from the Surplus Fund.

"Renewal and Replacement Fund" means the Parking Renewal and Replacement Fund established and so designated by the Ordinance.

"Reserve Fund" means the Parking Revenue Bond Reserve Fund created and so designated by the Ordinance.

"Revenue Fund" means the Parking Revenue Fund created by the Ordinance.

"Series Ordinance" means an ordinance of the City providing for the issuance of Additional Bonds.

"Surplus Fund" means the Parking Revenue Surplus Fund created and so designated by the Ordinance.

"Taxable Bonds" means any Bonds, the interest on which is includable in gross income for federal income tax purposes, as determined at the time of issuance of such series of Bonds and so designated in accordance with the provisions of the Ordinance.

Additional Bonds

The City may issue Additional Bonds on a parity with the Series 2010 Bonds, the Series 2011 Bonds, the Series 2012 Bonds and any Refunding Bonds for the purpose of expanding any of the Facilities or for the acquisition or construction of any other Project under the following conditions:

(1) No deficiency will exist in the amounts required to be paid into and maintained in the Bond Fund, the Reserve Fund and the Renewal and Replacement Fund;

(2) either (a) the Finance Director or the City Controller shall certify to the Trustee that the Parking Revenues, for the fiscal year next preceding the issuance of the Additional Bonds, were equal to (i) not less than two (2) times the maximum annual debt service on Bonds then Outstanding, and (ii) not less than one and one-half (1.5) times the estimated maximum annual debt service on all Bonds to be Outstanding immediately following issuance of such Additional Bonds, or (b) there shall be filed with the Trustee a written report of a nationally recognized parking facility consultant or consultants with experience in the preparation of feasibility studies for use in connection with the financing of parking facilities, that: (i) the reasonably estimated or forecasted Parking Revenues for each of the two full fiscal years immediately following the anticipated acquisition date or completion date of the Project financed by the Additional Bonds will be not less than one and one-half (1.5) times the estimated maximum annual debt service following the issuance of such Additional Bonds, and (ii) sufficient Parking Revenues and cash flow can reasonably be expected to be generated to meet the Operating Expenses of all Projects and the debt service requirements of both the then Outstanding Bonds and the proposed Additional Bonds during each of such two full fiscal years.

Refunding Bonds

The City may issue Refunding Bonds to refund less than all of the Bonds Outstanding if the aggregate of principal and interest accruing upon Bonds Outstanding in any year in which the Refunding Bonds are to be Outstanding would not be greater than the aggregate amount of principal and interest which would have accrued in such year upon the Bonds if the Bonds to be refunded were to remain Outstanding to their stated maturities.

The foregoing restrictions do not apply if all of the Bonds Outstanding are to be retired by Refunding Bonds.

Investments

Money held for the credit of all funds and accounts shall be continuously invested and reinvested in Investment Securities to the extent practicable. Any such Investment Securities shall mature not later than the respective dates when the money held for the credit of such funds or accounts will be required for the purposes intended; provided, however, that Investment Securities deposited in the Reserve Fund and the Renewal and Replacement Fund shall mature no later than ten years from the date on which such Investment Securities were deposited in the respective fund. So long as at least seventy-five percent (75%) of the aggregate principal amount of the Investment Securities deposited in the Reserve Fund mature no later than two years from the date on which such Investment Securities were deposited in the Reserve Fund, the City shall not be required to reimburse the Reserve Fund for any loss resulting from a decline in the value of any of such Investment Securities. However, if more than twenty-five percent (25%) of the aggregate principal amount of such Investment Securities were deposited in the Reserve Fund, the City shall be required to reimburse the Reserve Fund for any loss resulting from a decline in the value of such Investment Securities by depositing in the Reserve Fund, on a monthly basis, an amount equal to one-twelfth (1/12th) of such loss. No Investment Securities in any fund or account may mature beyond the latest maturity date of any Bonds Outstanding at the time such Investment Securities are so deposited.

The City may at any time give directions respecting the investment of any money required to be invested, subject, however, to the provisions of the Ordinance, and such money shall be invested as so directed by the City.

Investment Securities credited to any fund or account established under the Ordinance shall be deemed at all times to be part of such fund or account in which such money was originally held, and the interest accruing thereon and any profit or loss realized upon the disposition or maturity of such investment shall be credited to or charged against such fund or account; provided, however, that the interest accruing thereon and any profit or loss realized upon the maturity or disposition of such investment prior to the completion of any Project shall be credited to, or charged against, the Construction Fund.

Accounts and Reports

The City will keep proper books of account relating to the Facilities and its on-street parking meter revenues and within 180 days after the close of each fiscal year, the City will file with the Trustee an annual report

by an independent public accountant showing the revenues and expenses and aggregate debt service in respect of the Bonds (in the form of a Comprehensive Annual Financial Report similar to APPENDIX C).

Insurance

The City shall keep the Facilities insured against risks, accidents and casualties (including rental value insurance) at least to the extent that similar insurance is carried by operators of like off-street parking structures. In the event of loss or damage, the City will promptly repair and reconstruct the Facilities and shall apply the proceeds of any insurance policy or policies for that purpose.

Trustee

The Ordinance requires that there shall at all times be a trustee to hold and administer the Bond Fund and the Bond Reserve Fund which trustee will at all times be a bank or trust company with corporate trust powers and a capital and surplus of not less than \$10,000,000.

Supplemental Ordinances Without Consent of Bondholders

The City may, from time to time and at any time, without the consent of the holder of any Bond, adopt such ordinances supplemental to the Ordinance as shall be consistent with the terms and provisions of the Ordinance and, in the opinion of the Trustee, shall not affect adversely the interest of the holders:

- (1) to cure any ambiguity or formal defect or omission, to correct or supplement any provisions in the Ordinance, or to make any other provisions with respect to matters or questions arising under the Ordinance that shall be consistent with the provisions of the Ordinance, or
- (2) to grant to or confer upon the Trustee for the benefit of the holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the holders or the Trustee, or
- (3) to add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of the Ordinance or other conditions, limitations and restrictions thereafter to be observed, or
- (4) to add to the covenants and agreements of the City in the Ordinance other covenants and agreements thereafter to be observed by the City or to surrender any right or power reserved to or conferred upon the City; or
- (5) to permit the qualification of the Ordinance under any federal statute now or hereafter in effect or under any state blue sky law, and, in connection therewith, if the City so determines, to add to the Ordinance such other terms, conditions and provisions as may be permitted or required by such federal statute or blue sky law; or
- (6) to make any change to the Ordinance which, in the judgment of the Trustee, does not materially adversely affect the rights of the Trustee or any holder of Bonds.

Modification of Ordinance with Consent of Bondholders

The holders of not less than fifty-one percent (51%) in aggregate principal amount of Bonds then Outstanding that will be affected by a proposed supplemental ordinance shall have the right, from time to time, anything contained in the Ordinance to the contrary notwithstanding, to consent to and approve the adoption by the City and the acceptance by the Trustee of such supplemental ordinance or ordinances as shall be deemed necessary or desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Ordinance; provided, however, that nothing in the Ordinance shall permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bond, or (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a pledge of the Pledged Revenues other than the pledge created by the Ordinance, or (d) a

preference or priority of any Bond over any other Bond, or (e) a reduction in the aggregate principal amount of Bonds required for consent to such supplemental ordinance.

Events of Default

Each of the following events constitutes an “Event of Default” under the Ordinance:

(1) payment of any installment of interest on any Bonds shall not be made when the same shall become due and payable;

(2) payment of the principal or of the redemption premium, if any, of any Bonds shall not be made when the same shall become due and payable, whether at maturity or by proceedings for redemption or pursuant to a sinking fund requirement or otherwise;

(3) failure of the City to perform, observe or comply with any of the other covenants, agreements, conditions or provisions in the Ordinance, and the continuance thereof for a period of 30 days after receipt by the City of a written notice from the Trustee specifying such default; provided, if prior to expiration of such 30 days the City institutes action to cure such default, no “Event of Default” shall be deemed to have occurred upon the expiration of such 30-day period for so long as the City pursues such curative action with reasonable diligence and provided that such curative action can be completed within a reasonable time;

(4) the City shall (except as permitted in the Ordinance) sell, transfer, assign, or convey any properties constituting a part of the Facilities or any interest therein, or any part or parts thereof, or shall make any agreement for such sale or transfer (except as expressly authorized by the Ordinance) or shall voluntarily forfeit or allow any of the licenses, franchises, permits, privileges, easements, or rights-of-way necessary or desirable in the operation of the Facilities to lapse or terminate prior to the expiration date thereof by neglect or default;

(5) the City shall (i) become insolvent or the subject of insolvency proceedings, or (ii) be unable, or admit in writing its inability, to pay its debts as they mature, or (iii) make a general assignment for the benefit of creditors or to an agent authorized to liquidate any substantial amount of its property, or (iv) file a petition or other pleading seeking reorganization, composition, readjustment, or liquidation of assets, or requesting similar relief, or (v) apply to a court for the appointment of a receiver for any of its assets, or (vi) have a receiver or liquidator appointed for any of its assets and such receiver shall not be discharged within 90 days after such appointment, or (vii) become the subject of an “order for relief” within the meaning of the United States Bankruptcy Code, or (viii) file an answer to a creditor's petition admitting the material allegations thereof for liquidation, reorganization, readjustment or composition or to effect a plan or other arrangement with creditors or fail to have such petition dismissed within 60 consecutive days after the same is filed against the City; or

(6) loss of exclusion from gross income for federal income tax purposes of the interest on the Bonds which are not Taxable Bonds as a result of any action by the City.

Acceleration of Maturities

Upon the happening and continuance of any Event of Default, the Trustee may, and upon the written request of the holders of not less than fifty percent (50%) in aggregate principal amount of Bonds then Outstanding shall, by notice in writing to the City, declare the principal of all Bonds then Outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Bonds or in the Ordinance to the contrary notwithstanding; provided, however, that if at any time after the principal of Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Ordinance, money shall have accumulated in the Bond Fund sufficient to pay the principal of all matured Bonds and all arrears of interest, if any, upon all Bonds then Outstanding (except the principal of any Bonds not then due and payable by its terms and the interest

accrued on such since the last Interest Payment Date), and the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and all other amounts then payable by the City under the Ordinance shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee, and every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Bonds or in the Ordinance (other than a default in the payment of the principal of such Bonds then due only because of an acceleration thereof pursuant to the Ordinance) shall have been remedied to the satisfaction of the Trustee, then and in every such case the Trustee may, and upon the written request of the holders of not less than fifty percent (50%) in aggregate principal amount of Bonds not then due and payable by their terms (Bonds then due and payable only because of an acceleration of the maturity thereof pursuant to the Ordinance shall not be deemed to be due and payable by their terms) and then Outstanding shall, by written notice to the City, rescind and annul such declaration and its consequences, but no such rescission or annulment shall impair any right consequent thereon.

Enforcement of Remedies

Upon the happening and continuance of any Event of Default, then and in every such case the Trustee may proceed and upon the written request of the holders of not less than fifty percent (50%) in aggregate principal amount of Bonds then Outstanding shall proceed, subject to the provisions of the Ordinance, to protect and enforce its rights and the rights of the bondholders under the laws of the State or under the Ordinance by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained in the Ordinance or in aid or execution of any power therein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel chosen by the Trustee, shall deem most effectual to protect and enforce such rights.

Disposition and Application of Funds

The City covenants that if an Event of Default shall happen and shall not have been remedied, the City, upon demand of the Trustee, shall pay over to the Trustee (i) forthwith, all moneys, securities and funds then held by the City and pledged under the Ordinance, and (ii) as promptly as practicable after receipt thereof, all income, revenues, receipts and profits derived from the Facilities and from the on-street parking meters of the City (all such moneys being collectively called "Cash Funds").

During the continuance of an Event of Default, the Cash Funds received by the Trustee or by a bondholders' committee created as hereinafter mentioned, whether pursuant to the provisions of the preceding paragraph or as the result of taking possession of the business and properties of the Facilities, shall be applied by the Trustee or bondholders' committee, as the case may be, first to the payment of the reasonable and proper charges, expenses and liabilities paid or incurred by the Trustee or bondholders' committee, including the cost of securing the services of any parking facility consultant, engineer or firm of engineers selected by the Trustee or bondholders' committee, for the purpose of rendering advice with respect to the operation and maintenance, repair and replacement of the Facilities and on-street parking meters and facilities of the City necessary to prevent any loss of Cash Funds, and with respect to the sufficiency of the rates and charges for services and commodities sold, furnished or supplied by the Facilities and on-street parking meters and facilities of the City, and thereafter to the payment of the reasonable and necessary cost of operation, maintenance, repair and replacement of the Facilities and on-street parking meters and facilities of the City and the principal of and interest on the Bonds.

Cash Funds available, together with any other money then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in the Ordinance or otherwise, shall be applied first to the payment of installments of interest then due in the order of their respective maturities and second, when all past due interest has been paid, then to payment of principal on matured Bonds in the order of their respective due dates.

If all of the Bonds have become due and payable, then moneys shall be applied to the payment of principal and interest then due and unpaid on the Bonds without preference or priority.

Control of Proceedings by Bondholders

The holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right, subject to the provisions of the Ordinance, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Ordinance provided that such direction shall be in accordance with law and the provisions of the Ordinance.

Restrictions Upon Actions by Individual Bondholders

Except as provided in the Ordinance, no bondholder shall have any right to institute any suit, action or proceeding in equity or at law on any Bond or for the execution of any trust under the Ordinance or for any other remedy thereunder unless such bondholder previously shall have given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, and unless also the bondholders shall have made a written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Ordinance or to institute such action, suit or proceedings in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time.

In the event that the Trustee shall have failed or refused to comply with the aforesaid request within a reasonable time after having been offered such security and indemnity, the holders of not less than twenty percent (20%) in principal amount of the Bonds then Outstanding may call a meeting of the holders of Bonds for the purpose of electing a bondholders' committee. At such meeting, the holders of not less than a majority of the principal amount of the Bonds must be present in person or by proxy in order to constitute a quorum for the transaction of business, less than a quorum, however, having power to adjourn from time to time without any other notice than the announcement thereof at the meeting. A quorum being present at such meeting, the bondholders present in person or by proxy may, by a majority of the votes cast, elect one or more persons who may or may not be bondholders to the bondholders' committee which shall act as trustee for all bondholders. The bondholders present in person or by proxy at said meeting, or any adjourned meeting thereof, shall prescribe the manner in which the successors of the persons elected to the bondholders' committee at such bondholders' meeting shall be elected or appointed, and may prescribe rules and regulations governing the exercise by the bondholders' committee of the power conferred upon it in the Ordinance, and may provide for the termination of the existence of the bondholders' committee. The members of the bondholders' committee elected by the bondholders in the manner specified in the Ordinance, and their successors, as a committee are by the Ordinance declared to be trustees for the holders of all the Bonds then Outstanding, and are empowered to exercise in the name of the bondholders' committee, as trustee, all the rights and powers conferred in the Ordinance on the Trustee or any bondholder.

Notwithstanding the foregoing provisions and without complying therewith, the holders of not less than fifty percent (50%) in aggregate principal amount of Bonds then Outstanding may institute any such suit, action or proceeding in their own names for the benefit of all bondholders under the Ordinance. It is understood and intended that, except as otherwise above provided, no one or more bondholders shall have any right in any manner whatsoever by his or their action to affect, disturb or prejudice the security of the Ordinance, or to enforce any right thereunder except in the manner provided therein, that all proceedings at law or in equity shall be instituted, had and maintained in the manner therein provided and for the benefit of all bondholders and that any individual rights of action or other right given to one or more of such bondholders by law are restricted by the Ordinance to the rights and remedies therein provided.

No Remedy Exclusive

No remedy in the Ordinance conferred upon or reserved to the Trustee or to the bondholders is intended to be exclusive of any other remedy or remedies therein provided, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given thereunder or now or hereafter existing at law or in equity.

Discharge of Liens, Pledges and Charges

Except as may be provided in any supplemental ordinance creating a series of Bonds, Bonds of any series may be paid by the City in any of the following ways:

- (1) by paying or causing to be paid the principal of and interest on all Bonds Outstanding of the series, as and when the same become due and payable;
- (2) by depositing with the City Treasurer, the Trustee, an escrow agent or other fiduciary, in trust, at or before maturity, money or securities in the necessary amount to pay or redeem all Bonds Outstanding of the series; or
- (3) by delivering to the Trustee, for cancellation by it, all Bonds then Outstanding of the series.

If the City shall pay all Bonds of a series for which any Bonds are Outstanding, then and in that case, at the election of the City, the Ordinance and the Pledged Revenues and other assets made under the Ordinance and all covenants, agreements and other obligations of the City under the Ordinance shall cease, terminate, become void and be completely discharged and satisfied.

Upon the deposit with the City Treasurer or the Trustee, an escrow agent or other fiduciary, in trust, at or before maturity, of money or securities in the necessary amount to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, irrevocable notice of such redemption shall have been given or provision satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the City in respect of such Bond shall cease, terminate and be completely discharged; provided that the holder thereof shall thereafter be entitled to the payment of the principal of and premium, if any, and interest on such Bond, and the City shall remain liable for such payment, but only out of such money or securities deposited as aforesaid for their payment. Whenever in the Ordinance it is provided or permitted that there be deposited with or held in trust by the City Treasurer or the Trustee, an escrow agent or other fiduciary, money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the City Treasurer or such Trustee in the funds and accounts established pursuant to the Ordinance and shall be one or more of the following:

- (1) lawful money of the United States of America in an amount equal to the principal of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in the Ordinance or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal or redemption price of such Bonds and all unpaid interest thereon to the redemption date; and/or

- (b) Government Obligations and/or Escrow Obligations, the principal of and interest on which when due will, in the opinion of an independent certified public accountant delivered to the City Treasurer or the Trustee (upon which opinion the City Treasurer or the Trustee may conclusively rely), provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or redemption price and interest become due; provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in the Ordinance or provision satisfactory to the City Treasurer or the Trustee shall have been made for the giving of such notice;

provided, in each case, that the City Treasurer or the Trustee shall have been irrevocably instructed (by the terms of the Ordinance or by request of the City) to apply such money to the payment of such principal or redemption price and interest with respect to such Bonds.

APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

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BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company, New York, NY, will act as securities depository for the Series 2012 Bonds. The Series 2012 Bonds will be issued as fully registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2012 Bond will be issued for each maturity of the Series 2012 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Bonds Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. Bonds brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series 2012 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2012 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2012 Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2012 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2012 Bonds, except in the event that use of the book-entry system for the Series 2012 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2012 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2012 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2012 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2012 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in

effect from time to time. Beneficial Owners of Series 2012 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2012 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Series 2012 Bonds may wish to ascertain that the nominee holding the Series 2012 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Series 2012 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2012 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2012 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2012 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City, or the Bond Fund Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Series 2012 Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the City, subject to any statutory or regulatory requirements as may be in effect from time to time.

Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Bond Fund Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2012 Bonds at any time by giving reasonable notice to the City or the Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and neither the City nor the Underwriter takes responsibility for the accuracy thereof, and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.

APPENDIX F

FORM OF BOND COUNSEL OPINION

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FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Mayor and City Council
Lincoln, Nebraska

[Underwriter Name, Address]

Re: \$12,080,000 City of Lincoln, Nebraska Parking Revenue and Refunding Bonds, Series 2012

Ladies and Gentlemen:

We have acted as bond counsel to The City of Lincoln, Nebraska (the "City"), in connection with the issuance of the above-captioned bonds (the "Bonds"). In this capacity, we have examined the law and the certified proceedings, certifications and other documents that we deem necessary to render this opinion.

The Bonds are issued pursuant to Ordinance No. 17541, adopted by the Issuer on August 16, 1999, as amended and supplemented from time to time including, but not limited to Ordinance No. 19772, adopted by the Issuer on September 10, 2012 (collectively the "Bond Ordinance"). Capitalized terms used and not otherwise defined in this opinion have the meanings assigned to those terms in the Bond Ordinance

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify them by independent investigation.

Based on and subject to the foregoing, we are of the opinion, under existing law, as follows:

1. The City is validly existing as a political subdivision of the State of Nebraska (the "State") with the power to adopt the Bond Ordinance, perform the agreements on its part contained therein, and issue the Bonds.
2. The Bonds have been duly authorized, executed and delivered by the City and are valid and legally binding special obligations of the City.
3. The Bonds are payable solely from the net income and revenues derived by the City from the operation of the City's parking facilities, after providing for the costs of operation and maintenance thereof and other sources as set forth in the Bond Ordinance. The Bonds do not constitute general obligations of the City and do not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision, limitation or restriction. The taxing power of the City is not pledged to the payment of the Bonds.
4. The Bond Ordinance has been duly adopted by the governing body of the City and constitutes a valid and legally binding obligation of the City enforceable against the City. The Bond Ordinance creates a valid lien on the revenues and other funds pledged by the Bond Ordinance for the

security of the Bonds on a parity with any Additional Bonds issued or to be issued as provided in the Bond Ordinance.

5. The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) (a) is excludable from gross income for federal income tax purposes, (b) is exempt from income taxation by the State of Nebraska, and (c) is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions set forth in this paragraph are subject to the condition that the Issuer complies with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Bonds to be included in gross income for federal and Nebraska income tax purposes retroactive to the date of issuance of the Bonds. The Bonds have not been designated as “qualified tax-exempt obligations” for purposes of Section 265(b) of the Code.

We express no opinion regarding the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement). Further, we express no opinion regarding the perfection or priority of the lien on revenues or other funds pledged under the Bond Ordinance or tax consequences arising with respect to the Bonds other than as expressly set forth in this opinion.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Bond Ordinance may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

Very truly yours,