

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 interest on the Series 2011 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal and Nebraska income tax purposes, except as described in this Official Statement, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The Series 2011 Bonds have not been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS."

OFFICIAL STATEMENT

\$18,520,000 THE CITY OF LINCOLN, NEBRASKA PARKING REVENUE AND REFUNDING BONDS SERIES 2011

Dated: date of delivery

Due: August 15 as shown on the inside cover

The Series 2011 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 2011 Bonds. Purchases of the Series 2011 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 2011 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 2011 Bonds. So long as DTC or its nominee is the registered owner of the Series 2011 Bonds, payments of the principal of, redemption premium, if any, and interest on the Series 2011 Bonds will be made directly to DTC. Interest is payable on February 15 and August 15 of each year, beginning August 15, 2011. 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 2011 Bonds (the "Trustee"). For terms relating to principal and interest payments made in respect of the Series 2011 Bonds in the event the use of book-entry form is discontinued, see "**THE SERIES 2011 BONDS - Book-Entry-Only System.**"

The Series 2011 Bonds maturing August 15, 2021, and thereafter are subject to optional redemption prior to maturity at any time on or after February 15, 2021. See "**THE SERIES 2011 BONDS - Optional Redemption.**"

The Series 2011 Bonds are being issued to (a) provide for the payment and redemption of \$5,525,000 outstanding principal amount of the City's Parking Revenue and Refunding Bonds, Series 1999A, dated September 8, 1999, (b) pay a portion of the costs of acquiring certain real property and constructing an approximately 630-stall parking garage thereon, as more fully described under "**THE 2010 PROJECT,**" (c) make a deposit into the 2011 Account in the Reserve Fund with respect to the Series 2011 Bonds, and (d) pay the costs of issuing the Series 2011 Bonds. The Series 2011 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 undesignated amounts on the 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 2011 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 2011 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 2011 BONDS DO NOT CONSTITUTE A DEBT WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION UNDER THE LAWS OF THE STATE. THE SERIES 2011 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 2011 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 2011 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 C. Confer, City Attorney. It is expected that the Series 2011 Bonds will be available for delivery through DTC, New York, New York, on or about January 27, 2011.

AMERITAS INVESTMENT CORP.

The date of this Official Statement is January 13, 2010.

MATURITY SCHEDULE

\$18,520,000
THE CITY OF LINCOLN, NEBRASKA
PARKING REVENUE AND REFUNDING BONDS
SERIES 2011

<u>Maturity</u> <u>(August 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Rate of</u> <u>Interest</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP</u> <u>Number</u> <u>(534310)</u>
2015	\$ 545,000	2.000%	2.00%	100.000%	FU 6
2016	555,000	2.500	2.40	100.516	FV 4
2017	575,000	3.000	2.75	101.488	FW 2
2018	590,000	3.250	3.10	101.001	FX 0
2019	605,000	3.500	3.45	100.366	FY 8
2020	625,000	4.000	3.75	101.989	FZ 5
2021	655,000	4.000	4.00	100.000	GA 9
2022	1,145,000	4.500	4.25	102.025‡	GB 7
2023	1,200,000	5.000	4.50	104.004‡	GC 5
2024	1,250,000	5.000	4.70	102.378‡	GD 3
2026*	2,705,000	5.000	5.00	100.000	GE 1
2031*	6,340,000	5.125	5.35	97.212	GF 8
2031*	1,730,000	5.500	5.35	101.151‡	GG 6

*Term Bonds

‡Yield to date of first optional redemption.

THE CITY OF LINCOLN, NEBRASKA

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

MAYOR

Christopher Beutler

CITY COUNCIL

John Spatz (Chair)

Jon Camp
Eugene Carroll
Jonathan Cook

Doug Emery
Adam Hornung
Jayne Snyder

DEPARTMENT HEADS

Donald Herz..... Finance Director
Rodney C. 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
Greg MacLean..... Public Works and Utilities Director
Judy Halstead..... Health Director
Mark Koller..... Personnel Director
Thomas Casady..... Police Chief
Niles Ford..... Fire Chief
Chuck Zimmerman..... 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
Des Moines, Iowa

UNDERWRITER

Ameritas Investment Corp.
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 2011 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 2011 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 2011 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 2011 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.

TABLE OF CONTENTS

Page

INTRODUCTION	1
AUTHORITY	2
SECURITY	2
PLAN OF FINANCING	3
ESTIMATED SOURCES AND USES OF FUNDS	4
DEBT SERVICE SCHEDULE	5
THE CITY'S OFF-STREET PARKING FACILITIES	5
THE SERIES 2011 BONDS.....	10
RATINGS	12
TAX MATTERS	12
CONTINUING DISCLOSURE.....	14
LITIGATION	16
UNDERWRITING	16
INDEPENDENT AUDITORS	16
LEGAL MATTERS.....	16
MISCELLANEOUS	16
THE CITY OF LINCOLN, NEBRASKA	APPENDIX A
PARKING STUDY	APPENDIX B
PARKING SYSTEM FINANCIAL STATEMENTS AND SCHEDULES.....	APPENDIX C
SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE	APPENDIX D
BOOK-ENTRY ONLY SYSTEM.....	APPENDIX E
FORM OF BOND COUNSEL OPINION.....	APPENDIX F

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2011 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 2011 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

\$18,520,000
THE CITY OF LINCOLN, NEBRASKA
PARKING REVENUE AND REFUNDING BONDS
SERIES 2011

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 \$18,520,000 Parking Revenue and Refunding Bonds, Series 2011 (the “**Series 2011 Bonds**”). The Series 2011 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. 19474 passed by the Council on November 22, 2010 and approved by the Mayor on November 29, 2010 (collectively, the “**Bond Ordinance**”). The Series 2011 Bonds, together with all other parking revenue bonds or parking revenue refunding bonds 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 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 available for such application (the “**Available Street Funds**”), (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, Available Street Funds and other available funds are referred to collectively as the “**Pledged Revenues**.”

The City will use the proceeds of the Series 2011 Bonds, together with other legally available funds of the City, to (a) provide for the payment and redemption of \$5,525,000 outstanding principal amount of the City’s Parking Revenue and Refunding Bonds, Series 1999A, dated September 8, 1999 (the “**Series 1999A Bonds**”), (b) pay a portion of the costs of acquiring certain real estate and constructing an approximately 630-stall parking garage, as more fully described under “**THE 2010 PROJECT**,” (c) make a deposit into the 2011 Account in the Reserve Fund with respect to the Series 2011 Bonds and, and (d) pay the costs of issuing the Series 2011 Bonds.

Descriptions of and references to the Series 2011 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 2011 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 2011 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. Pursuant to the Bond Ordinance, the City has previously issued and has

outstanding (a) \$3,850,000 principal amount of Parking Revenue Bonds, Series 2001, dated December 18, 2001 (the “**Series 2001 Bonds**”), and (b) \$2,065,000 principal amount of Parking Revenue Bonds, Taxable Series 2010B, dated December 29, 2010 (the “**Series 2010B Bonds**”). 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 2001 Bonds, the Series 2010B Bonds and the Series 2011 Bonds. See “**APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE - Refunding Bonds**” and “**- Additional Bonds**” to this Official Statement.

SECURITY

The Series 2011 Bonds, together with any Refunding Bonds and Additional Bonds hereafter issued by the City in accordance with the provisions of the Bond Ordinance (collectively, the “**Bonds**”), are payable solely from and are secured by a pledge of (1) the net earnings (gross revenues less operating expenses) of the Facilities, (2) the gross on-street parking meter revenues of the City, (3) all undesignated amounts on the deposit in the City’s Street Construction Fund including amounts, if any, distributed by 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 available for such application (the “**Available Street Funds**”), (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, Available Street Funds and other available funds of the City are referred to collectively as the “**Pledged Revenues**.” **The full faith and credit of the City is not pledged to the payment of the Bonds.** The Series 2011 Bonds rank on a parity with the Series 2001 Bonds, the Series 2010B 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 2011 Account in the Bond Reserve Fund will be created for the Series 2011 Bonds and will be partially funded on the date of issuance in the amount of approximately \$1,680,000 from the proceeds thereof. On August 15, 2014, upon the final maturity of the Series 2010B Bonds, amounts in the 2010 Account in the Bond Reserve Fund in the amount of \$193,548.60 will be transferred to the 2011 Account in the Bond Reserve Fund for the Series 2011 Bonds to fully fund the 2011 Account in the Bond Reserve Fund in an amount equal to the reserve requirement for the Series 2011 Bonds. 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 2011 Bonds in an amount equal to 3½% of the aggregate principal amount of the Series 2011 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 upon, free and clear of the lien of the pledge created by the Ordinance.

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 2010 Project

The Series 2011 Bonds are being issued in part for the purpose of paying the costs of acquiring certain real property and paying a portion of the costs of constructing an approximately 630-stall parking garage (the “**2010 Project**”). The 2010 Project is part of a 10-story building that will be jointly financed by the City and Urban 38, a collaboration between WRK LLC (Lincoln, Nebraska) and Woodbury Corp. (Salt Lake City, Utah). The first floor of the building will consist of retail space, with six floors of parking above that and three floors of resident space at the top of the building. The City will deposit approximately \$12,900,500 of the proceeds of the Bonds in the Construction Fund established under the Ordinance to be used by the City solely to pay costs of the 2010 Project. The total estimated cost of the

2010 Project is \$16,800,000, of which \$1,843,500 was financed from the proceeds of the Series 2010B Bonds, \$12,900,500 will be financed from the proceeds of the Series 2011 Bonds and the remaining \$2,056,000 will be financed through the issuance of tax increment bonds and contributions of the developer. Construction on the 2010 Project began in December 2010 and is estimated to be completed by July 2012.

Refunding of Series 1999A Bonds

The Series 2011 Bonds are also being issued in part to provide for the payment and redemption of the City's outstanding \$5,525,000 principal amount of Parking Revenue and Refunding Bonds, Series 1999A (the "Series 1999A Bonds") which were issued to finance and refinance improvements to the parking facilities of the City. The City will transfer approximately \$3,659,416 of the proceeds of the Series 2011 Bonds to Wells Fargo Bank, National Association, as trustee for the Series 1999A Bonds, to be used, together with an additional amount of \$2,014,068 of funds held by the Trustee, to redeem the Series 1999A Bonds on or about February 15, 2011.

ESTIMATED SOURCES AND USES OF FUNDS

SOURCES OF FUNDS:

Par Amount of Series 2011 Bonds	\$18,520,000.00
Less: Net Original Issue Discount	(23,916.40)
Series 1999A Reserve Fund	1,351,000.00
Other Available Funds	<u>663,067.70</u>
TOTAL:	<u>\$20,510,151.30</u>

USES OF FUNDS:

2010 Project Costs	12,903,795.53
Redemption of Series 1999A Bonds	5,673,484.38
2011 Reserve Account	1,680,451.40
Costs of Issuance (including Underwriter's discount)	<u>252,420.00</u>
TOTAL:	<u>\$20,510,151.30</u>

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DEBT SERVICE SCHEDULE

Year Ending <u>August 31</u>	Outstanding <u>Bonds</u>	Series 2011 Bonds		<u>Total</u>
		<u>Principal</u>	<u>Interest</u>	
2011	\$ 795,108.54	\$ 0.00	\$474,608.76	\$1,269,717.30
2012	1,075,762.50	0.00	862,925.00	1,938,687.50
2013	1,077,875.00	0.00	862,925.00	1,940,800.00
2014	1,081,212.50	0.00	862,925.00	1,944,137.50
2015	464,543.76	545,000.00	862,925.00	1,872,468.76
2016	463,868.76	555,000.00	852,025.00	1,870,893.76
2017	462,050.00	575,000.00	838,150.00	1,875,200.00
2018	464,050.00	590,000.00	820,900.00	1,874,950.00
2019	464,575.00	605,000.00	801,725.00	1,871,300.00
2020	464,075.00	625,000.00	780,550.00	1,869,625.00
2021	462,550.00	655,000.00	755,550.00	1,873,100.00
2022	---	1,145,000.00	729,350.00	1,874,350.00
2023	---	1,200,000.00	677,825.00	1,877,825.00
2024	---	1,250,000.00	617,825.00	1,867,825.00
2025	---	1,320,000.00	555,325.00	1,875,325.00
2026	---	1,385,000.00	489,325.00	1,874,325.00
2027	---	1,455,000.00	420,075.00	1,875,075.00
2028	---	1,530,000.00	344,400.00	1,874,400.00
2029	---	1,610,000.00	264,787.50	1,874,787.50
2030	---	1,695,000.00	180,981.26	1,875,981.26
2031	---	<u>1,780,000.00</u>	<u>92,725.00</u>	<u>1,872,725.00</u>
TOTAL:	<u>\$7,275,671.06</u>	<u>\$18,520,000.00</u>	<u>\$13,147,827.52</u>	<u>\$38,943,498.58</u>

THE CITY'S OFF-STREET PARKING FACILITIES

General

The City opened its first parking garage in the Fall of 1978. Originally called the Centrum Parking Facility, it was later renamed the Center Park Garage. This facility predominantly serves employee and student parking. The structure also includes the Downtown Infant & Toddler Center, which provides daycare for approximately 60 children.

In 1984 the City opened its Cornhusker Square Parking Facility to serve the new Cornhusker Hotel and the related Conference Center and Office Complex located on the same block. This garage mainly serves hotel guests and employees of the office complex.

In 1990 the University Square Garage opened in conjunction with the redevelopment of an office building into condominium housing units, and included a private retail development on the street level and drive-in banking facility. This garage primarily serves office and retail employees and customers during the day and entertainment customers during evenings and weekends. Its close proximity to the University of Nebraska-Lincoln campus also draws student parking.

In 1995 the City opened its Que Place Garage at 11th and "Q" Streets to support the nearby 2,000 seat Lied Center for the performing arts and surrounding office, restaurant, and retail facilities. The garage

mainly serves employee, student, and customer parking for nearby facilities. During evenings and weekends, the facility supports restaurants, theaters, and approximately 100 Lied events.

Bond proceeds have, among other things, financed the addition of 175 spaces to the Que Place Garage to support the new Embassy Suites Hotel with a skywalk across 11th Street.

The Carriage Park Garage, located at 12th and “L” Streets 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, which was financed with the proceeds of Bonds issued in 1999, is located at 10th and “Q” Streets and was completed in November, 2000. This garage is connected to the Embassy Suites Hotel with a skywalk across 10th Street. In addition to its proximity to the hotel, this facility 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, constructed in 2001, is located in the Historic Haymarket District at 850 “Q” Street. This facility supports Haymarket leisure events, restaurants, customers, staff, and students due to its close proximity to the University of Nebraska-Lincoln.

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

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. A 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.

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 of 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 to its off-street facilities per month while revenue remained the same.

Parking System Employee Information

David Landis	Director of Urban Development Department Age: 62 Years of Related Experience: 32 Years with the City of Lincoln: 3
Kenneth Smith	City Parking Manager, CAPP Age: 42 Years of related experience: 14 Years with the City of Lincoln: 9

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 (FY August 31)	4,800	722,881

*Monthly Billing Summary *(YTD)

**Entry/Exit Report (YTD)

As of November 1, 2010, there were 167 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	1,015
Foundation for Educational Services	156
NMPP Energy	72
Embassy Suites	60
Great Western Bank	45

Largest Hourly Charge Account Customers

<u>Company</u>	<u>Annual Cost</u>
Cornhusker Hotel	\$80,165
State Farm Insurance	6,615
Clerk of the District Court	389

Parking Rates

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

Category	<u>Garages</u>		
	8/1/2001	11/1/2005	7/15/2010
First Hour	\$ 1.00	\$ 1.00	FREE
Additional Hours	.70	1.00	\$1.00
All Day Maximum	5.90	6.00	9.00
Regular Monthly	60.00	65.00	50.00-75.00
Reserved Monthly	70.00	75.00	65.00-85.00
Secured Monthly	75.00	80.00	90.00

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On-Street

Category	8/1/2001	11/1/2005	7/15/2010
Metered Spaces	\$.25	\$.50	\$.50

Off-Street Parking Lots

Lincoln Station Lots

Hourly	\$ 0.60	\$ 0.50	\$ 0.50
Monthly	40.00	45.00	56.00

Lumberworks Lot

Daily Rates	\$1.50	\$ 1.50	\$1.00/4 hours \$5.00/12 hours \$9.00 max
Monthly	40.00	45.00	45.00

Federal Garage

Event Rates	\$3.00	5.00	5.00
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UNL Football Game Days*

Garage	8/1/2001	11/1/2005	7/15/2010
Center Park	\$6.00	\$8.00	\$12.00
University Sq.	8.00/125.00	8.00	13.00
Que Pl.	8.00/125.00	10.00	14.00
Carriage Pk.	6.00	8.00	11.00
Block 34	8.00/125.00	10.00	14.00
Lincoln Station	7.00	10.00	14.00
Lumberworks	8.00	8.00	14.00
Haymarket		10.00	14.00
Cornhusker		5.00	11.00

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

THE SERIES 2011 BONDS

General

The Series 2011 Bonds will be issued in fully registered, book-entry-only form. See “**THE SERIES 2011 BONDS - Book-Entry-Only System**” herein. The Series 2011 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 2011 Bonds. The principal and interest due at maturity or upon prior redemption are payable upon presentation and surrender of the Series 2011 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 August 15, 2011, 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 2011 Bonds maturing on or prior to August 15, 2020 are not subject to redemption prior to their stated maturities. The Series 2011 Bonds maturing on or after August 15, 2021 are redeemable prior to their stated date of maturity at the option of the City in whole or in part anytime on or after February 15, 2021 at a redemption price equal to 100% of the principal amount of the Series 2011 Bonds or portions thereof to be redeemed, together with accrued interest to the redemption date.

Mandatory Sinking Fund Redemption

The Series 2011 Bonds maturing August 15, 2026 and August 15, 2031 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 2011 Bonds maturing August 15, 2026 and August 15, 2031, or portions thereof to be redeemed shall be in the sole discretion of the Trustee.

Term Bond Maturing August 15, 2026		5.125% Term Bond Maturing August 15, 2031	
<u>Year (August 15)</u>	<u>Principal Amount</u>	<u>Year (August 15)</u>	<u>Principal Amount</u>
2025	\$1,320,000	2027	\$1,160,000
2026*	1,385,000	2028	1,210,000
		2029	1,265,000
		2030	1,325,000
		2031*	1,380,000

*Final Maturity

**5.50% Term Bond Maturing
August 15, 2031**

Year (<u>August 15</u>)	Principal <u>Amount</u>
2027	\$295,000
2028	320,000
2029	345,000
2030	370,000
2031*	400,000

*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 2011 Bonds are called for redemption. Each notice of redemption shall state the distinguishing designation of the Series of Series 2011 Bonds to which such notice relates, the date of issue of such Series of Series 2011 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 2011 Bonds of such maturity to be redeemed and, in the case of Series 2011 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 2011 Bonds the redemption price thereof or of said specified portion of the principal amount thereof in the case of a Series 2011 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 2011 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 2011 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 2011 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 2011 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 2011 Bonds of the same series, of any authorized denominations and of a like aggregate principal amount, interest rate and maturity.

Fully registered Series 2011 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 2011 Bonds of the same series, maturity and interest rate of any authorized denominations.

In all cases in which the privilege of exchanging Series 2011 Bonds or transferring fully registered Series 2011 Bonds is exercised, the City shall execute and the Registrar shall authenticate and deliver Series 2011 Bonds in accordance with the provisions of the Bond Ordinance. For every such exchange or transfer of Series 2011 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 2011 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 2011 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 2011 Bond, including the interest thereon, to the extent of the sum or sums so paid.

Book-Entry-Only System

Generally The Series 2011 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 2011 Bonds, and the ownership of one fully registered Series 2011 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 2011 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 2011 Bonds may experience some delay in their receipt of distributions of the principal of, premium, if any, and interest on the Series 2011 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 2011 Bonds.

Since transactions in the Series 2011 Bonds can only be effected through DTC and the DTC Participants, the ability of Beneficial Owners of Series 2011 Bonds to pledge Series 2011 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 2011 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 2011 Bonds the rating of “A1” and Standard & Poor’s, a division of The McGraw-Hill Companies (“**S&P**”), has assigned the Series 2011 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 2011 Bonds.

TAX MATTERS

General

Federal and Nebraska Tax Exemption In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law, the interest on the Series 2011 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal and Nebraska income tax purposes. Interest on the Series 2011 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. The opinions set forth in this paragraph are 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 2011 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal and Nebraska 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 2011 Bonds in gross income for federal and Nebraska income tax purposes retroactive to the date of issuance of the Series 2011 Bonds.

Bank Qualification The Series 2011 Bonds have not been designated as “qualified tax-exempt obligations” for purposes of Section 265(b) of the Code.

Original Issue Discount In the opinion of Bond Counsel, under existing law, the original issue discount in the selling price of each Series 2011 Bond purchased in the original offering at a price less than the principal amount thereof, to the extent properly allocable to each owner of such Bond, is excludable from gross income for federal income tax purposes with respect to such owner. The original issue discount is the excess of the stated redemption price at maturity of such Series 2011 Bond over its initial offering price to the public (excluding underwriters and intermediaries) at which price a substantial amount of the Series 2011 Bonds were sold. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner during any accrual period generally equals (i) the issue price of such Series 2011 Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity on such Series 2011 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 (iii) any interest payable on such Series 2011 Bond during such accrual period. The amount of original issue discount so 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 such Series 2011 Bond. Owners of any Series 2011 Bonds purchased at an original issue discount should consult with their tax advisors regarding the determination and treatment of original issue discount for federal income tax purposes and the state and local tax consequences of owning such Series 2011 Bonds.

Original Issue Premium An amount equal to the excess of the purchase price of a Series 2011 Bond over its stated principal amount at maturity constitutes premium on such Series 2011 Bond. An owner of a Series 2011 Bond must amortize any premium over such Series 2011 Bond's term using constant yield principles, based on the Series 2011 Bond's yield to maturity. As premium is amortized, the owner's basis in such Series 2011 Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to such 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 such Series 2011 Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Owners of any Series 2011 Bonds purchased at a premium, whether at the time of initial issuance or subsequent thereto, should consult their individual tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Series 2011 Bonds.

No Other Opinions Bond Counsel expresses no opinion regarding other federal, state or local tax consequence arising with respect to the Series 2011 Bonds.

Other Tax Consequences

Prospective purchasers of the Series 2011 Bonds should be aware that ownership of the Series 2011 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 2011 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2011 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 2011 Bonds, including the possible application of state, local, foreign and other tax laws.

CONTINUING DISCLOSURE

The City is executing and delivering the Disclosure Certificate for the benefit of the Owners and Beneficial Owners of the Series 2011 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" with responsibility for continuing disclosure.

Annual Reports

Pursuant to the Disclosure Certificate, the City shall, not later than **May 1** of each year, commencing May 1, 2011, provide to the Municipal Securities Rulemaking District ("**MSRB**") the following financial information and operating data (the "**Annual Report**"):

(a) The audited financial statements of the City and the Facilities 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 Certificates, 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 such financial and operating data as the City customarily prepares of the type included in **Appendix A** of this Official Statement in substantially the same format contained in this Official Statement.

Material Event Notices

No later than 10 business days after the occurrence of any of the following events, the City shall give, or cause to be given to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Series 2011 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 2010 Bonds, or other material events affecting the tax status of the Series 2010 Bonds;
- (7) modifications to rights of bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Series 2010 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 on a timely basis the Annual Report, which notice shall be given by the City in accordance with the provisions under this heading.

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

Notwithstanding any other provision of the Disclosure Certificate, the City may amend the Disclosure Certificate and any provision of the Disclosure Certificate may be waived, provided Bond Counsel or other counsel experienced in federal securities law matters provides the City 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 Disclosure Certificate.

In the event of a failure of the City to comply with any provision of the Disclosure Certificate, any Owner or Beneficial Owner of the Series 2011 Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under the Disclosure Certificate. A default under the Disclosure Certificate shall not be deemed an Event of Default under the Bond Ordinance, and the sole remedy under the Disclosure Certificate in the event of any failure of the City to comply with the Disclosure Certificate 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 designed agent pursuant to the Disclosure Certificate 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 2011 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 2011 Bonds or questioning or affecting the validity of the Series 2011 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 2011 Bonds are being issued.

UNDERWRITING

Ameritas Investment Corp. (the "Underwriter") has agreed, subject to certain customary closing conditions, to purchase the Series 2011 Bonds at an aggregate purchase price of \$18,338,663.60 (equal to the par amount of the Series 2011 Bonds minus net original issue discount in the amount of \$23,916.40 and less Underwriter's discount of \$157,420.00), and to make a public offering of the Series 2011 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 2011 Bonds if any such Series 2011 Bonds are purchased. The Series 2011 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. In connection with underwriting the Series 2011 Bonds, the Underwriter has temporarily terminated its financial advisory relationship with the City.

INDEPENDENT AUDITORS

The financial statements and schedules of the Facilities for the years ended August 31, 2009 and 2008, 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.

LEGAL MATTERS

All legal matters incident to the authorization and issuance of the Series 2011 Bonds are subject to the approval of Bond Counsel. Certain legal matters will be passed on by Rodney C. 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 2011 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 2011 Bonds.

This Official Statement is issued by the City.

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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 90.48 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. It is currently one of the fastest growing non-Sunbelt cities in the U.S. and one of the fastest growing metro areas in the Midwest.

Population

The 1960 population of the City was 128,521; the 1970 population was 149,510; the 1980 population was 171,932; the 1990 population was 191,972; and the 2000 population was 225,588, a 17.5 percent increase over the 1990 count. The 2000 count represents approximately 90 percent of the population of Lancaster County, the county in which the City is located. The estimated 2009 population is 251,624.

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 13 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/BlackHills 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), the Nebraska State Fair Park, 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 23,000 students, Nebraska Wesleyan University, with approximately 2,000 students, Union College, with approximately 1,000 students, Kaplan University, with approximately 700 students and Southeast Community College, with approximately 10,000 students and with a number of facilities for both full-time and part-time occupational training, are in the City of Lincoln. The City's modern and progressive school system, with an enrollment of over 32,000 is served by 6 senior high schools, 10 middle schools, and 36 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 Christian.

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	
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	315,666,242	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
2001	1,017	215,856,679	3,212	231,390,626	2,540,905,431	6,273,610,610	8,814,516,041
2000	1,069	181,983,107	3,385	225,622,611	2,356,367,014	6,067,493,586	8,423,860,600

¹ City of Lincoln, Building and Safety Department.

² Lancaster County Assessor.

Police and Fire Protection

Lincoln has fourteen fire stations manned by 267 firefighters and three police stations with 318 police officers.

City Employee Information

For the 2009-2010 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. The LPU, IAF, ATU, CEA and PAGE contracts expire at the end of August, 2010. The LMCEA contract expires at the end of August, 2011.

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 union representing labor, trades, and clerical personnel.

SELECTED ECONOMIC INDICATORS

LINCOLN SMSA (LANCASTER COUNTY) NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT

	MAY 31, 2009		NOVEMBER 30, 2009	
	Number Employed	Percent of Total	Number Employed	Percent of Total
Manufacturing	12,787	7.7	12,185	7.4
	<u>12,787</u>	<u>7.7</u>	<u>12,185</u>	<u>7.4</u>
Nonmanufacturing:				
Natural Resource & Construction	7,243	4.3	7,238	4.4
Wholesale Trade	3,679	2.2	3,654	2.2
Retail Trade	17,601	10.5	16,927	10.3
Information	2,223	1.3	2,221	1.3
Financial Activities	12,659	7.6	12,599	7.6
Services (except domestic)	71,934	43.1	71,288	43.3
Government	38,914	23.3	38,677	23.5
Total Nonmanufacturing	<u>154,253</u>	<u>92.3</u>	<u>152,604</u>	<u>92.6</u>
TOTAL	<u>167,040</u>	<u>100.0</u>	<u>164,789</u>	<u>100.0</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 2009-2000) (For the Calendar Year Indicated)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Civilian Labor Force	159,298	159,943	157,887	157,632	157,999	158,444	156,940	153,021	150,846	150,239
Unemployment	7,015	4,899	4,462	4,592	5,643	5,346	5,841	5,007	4,209	3,542
Percent of Labor Force	4.4	3.1	2.8	2.9	3.6	3.4	3.7	3.3	2.8	2.4
Employment	152,283	155,044	153,425	153,040	152,355	153,098	151,100	148,013	146,636	146,697

STATE OF NEBRASKA

Percent of Labor Force										
Unemployment	4.7	3.3	3.0	3.2	3.9	3.8	3.8	3.6	3.1	2.7

Source: State of Nebraska, Department of Labor

**DEMOGRAPHIC STATISTICS
LAST TEN YEARS**

Year	Population 1	Per Capita Personal Income 2	School Enrollment 3
2009	251,624	\$	34,973
2008	248,744		34,061
2007	241,167	35,254	33,466
2006	239,213	33,705	32,934
2005	238,625	32,617	32,505
2004	236,146	31,800	32,270
2003	235,565	30,846	31,889
2002	231,800	30,064	31,867
2001	225,588	29,330	31,581
2000	218,497	29,020	31,354

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 2008 and 2009 is unavailable.

3 Lincoln Public Schools.

Median age from the 2000 census was 31.3. Education statistics per the 2000 Census indicate that 90.2% of the population 25 years and older has a high school degree or greater with 33% of the same population holding a Bachelor's degree or greater.

**LINCOLN UTILITY CUSTOMERS
LAST TEN YEARS**

Year	Water Customers	Gas Customers	Electricity Customers
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
2001	68,187	87,749	112,247
2000	66,956	86,501	110,414

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 ² Transit	Debt Service	Totals
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
2001	23,821,580	48,122,074	11,175,059	14,806,760	12,559,336	15,862,462	-	7,742,690	134,089,961
2000	23,529,495	44,042,882	9,039,840	13,958,414	11,204,029	13,974,690	-	7,924,295	123,673,645

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

² StarTran added as a Governmental Fund in 2002.

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
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 ²	105,139,052	59,029,609	12,449,879	5,605,557	4,606,825	10,325,634	197,156,556
2001	95,016,014	48,619,317	9,638,475	5,071,766	8,005,027	9,146,189	175,496,788
2000	92,305,453	35,807,100	9,838,029	4,896,203	9,330,374	10,246,196	162,423,355

¹ Includes General, Special Revenue and Debt Service Funds.

² StarTran added as a Governmental Fund in 2002.

**SPECIAL ASSESSMENT COLLECTIONS
LAST TEN YEARS ¹**

Fiscal Year Ended <u>August 31</u>	Special Assessment Collections <u>Including Interest</u>
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
2001	1,796,924
2000	1,948,791

¹ Special assessment collections are not tracked by levy year, therefore the portion of collections during any year which 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 2009 tax levy for the 2009-2010 fiscal year is \$84,939,527 below the legal limit, a tax rate per \$100 valuation of .28788. The assessed value upon which the 2009 levy is based is \$15,746,453,582. By charter, only 90% of the property tax levy may be appropriated.

For the 2009-2010 fiscal year the City is subject to a state imposed lid on the appropriation of "restricted funds", which 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 interlocal agreements are exempt from the lid. For 2009-2010 the City can also use authority equal to the greater of 2.5% or the amount of real growth in the tax base which was 1.85%. An additional 1% can be authorized by a 75% vote of the City Council but was not utilized for the 2009-2010 budget. The 2009-2010 budget is approximately \$12.1 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 After Levy		Accumulated Collections As Of August 31, 2009	
		Amount	Percent	Amount	Percent
2009	\$ 45,875,327	\$ 44,419,142	96.83 %	\$ 44,419,142	96.83 %
2008	45,064,524	43,561,215	96.66	45,170,532	100.24
2007	43,475,089	41,848,163	96.26	43,432,987	99.90
2006	40,873,358	39,579,041	96.83	41,068,497	100.48
2005	38,755,995	37,514,748	96.80	38,872,118	100.30
2004	36,994,112	35,726,509	96.57	37,034,522	100.11
2003	35,007,926	33,676,453	96.20	35,040,518	100.09
2002	33,731,282	32,501,760	96.35	33,833,541	100.30
2001	31,159,364	29,936,079	96.07	31,146,108	99.96
2000	29,603,794	28,665,780	96.83	29,761,421	100.53

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.

<u>Taxpayers</u>	<u>Type Of Business</u>	<u>2009 Assessed Valuations</u>	<u>Percentage Of Total Assessed Valuation</u>
Burlington Northern	Railroad	\$ 90,073,928	.57%
B & J Partnership Ltd.	Building Management	75,543,266	.47
Kawasaki	Manufacturing	69,661,956	.44
WEA Gateway LLC	Retail Management	59,352,318	.37
Pfizer	Animal Health	57,320,332	.36
Windstream	Telecommunications	56,779,077	.36
Ameritas Life Insurance Corp	Insurance	54,189,717	.34
Chateau Van Dorn LLC	Real Estate Development	50,457,704	.32
Nebco	Construction/Development	46,352,883	.29
Molex Inc.	Manufacturing	46,194,962	.29
		<u>\$ 605,926,143</u>	<u>3.81%</u>

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**

<u>Year Ended</u> <u>August 31</u>	<u>Amount</u>
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
2001	44,486,127
2000	43,608,313

**GENERAL FUND TAX COLLECTIONS
LAST TEN YEARS**

<u>Fiscal</u> <u>Year</u>	<u>Property and</u> <u>Motor Vehicle</u> <u>Taxes</u>	<u>Sales and</u> <u>Use Taxes</u>	<u>Sundry</u> <u>Taxes</u>	<u>Taxes</u> <u>In Lieu</u>	<u>Occupation</u> <u>Taxes</u>	<u>Total</u>
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
2001	20,284,364	44,486,127	8,497	1,107,183	5,889,097	71,775,268
2000	19,487,198	43,608,313	8,522	1,043,287	5,651,371	69,798,691

**TAXABLE ASSESSED VALUATION
LAST TEN YEARS ¹**

Tax Year	Real Estate	All Other	Total
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
2001	8,814,516,041	806,431,814	9,620,947,855
2000	8,423,860,600	716,780,457	9,140,641,057

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									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
City of Lincoln	0.2879	0.2879	0.2833	0.3009	0.2950	0.2903	0.3145	0.3145	0.3239	0.3239
School District No. 1	1.2668	1.2719	1.2764	1.3142	1.3141	1.3011	1.2830	1.2732	1.3684	1.3813
Lancaster County	0.2683	0.2755	0.2655	0.2841	0.2797	0.2683	0.2683	0.2583	0.2643	0.2584
Educational Service Unit #18	0.0150	0.0141	0.0141	0.0150	0.0150	0.0150	0.0150	0.0150	0.0150	0.0150
Community Technical College	0.0722	0.0689	0.0689	0.0696	0.0655	0.0655	0.0655	0.0636	0.0295	0.0334
Lower Platte South Natural Res. Dist.	0.0410	0.0418	0.0416	0.0422	0.0323	0.0323	0.0359	0.0365	0.0367	0.0372
Railroad Transportation Safety Dist.	0.0260	0.0260	0.0246	0.0260	0.0260	0.0248	0.0220	0.0221	0.0260	0.0260
Lancaster County Correctional JPA City	0.0195	-	-	-	-	-	-	-	-	-
Lancaster County Correctional JPA County	0.0106	-	-	-	-	-	-	-	-	-
Agricultural Society of Lancaster County	0.0015	0.0016	0.0016	0.0018	0.0020	0.0030	0.0012	0.0024	0.0073	0.0032
Lancaster County Fairgrounds	0.0038	0.0043	0.0037	0.0042	0.0042	0.0043	0.0050	0.0052	0.0000	0.0000
Public Building Commission	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170	0.0170
	<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>	<u>2.0881</u>	<u>2.0954</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, 2009
 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
Governmental Activities:							
General Obligation Bonds:							
General Bonds:							
14,435	03/01/99	Various Purpose Series A	3.000 - 4.600	Serial 2000 to 2014	2009	Semiannually	\$ 5,840
7,365	03/01/99	Various Purpose Series A	4.750	Term 2019	2009	"	7,365
8,220	03/01/99	Various Purpose Series B	3.000 - 4.250	Serial 1999 to 2011	2007	"	1,160
6,350	05/29/02	Storm Sewer and Drainage	3.000 - 5.000	Serial 2004 to 2020	2010	"	4,940
1,150	05/29/02	Storm Sewer and Drainage	5.00	Term 2022	2010	"	1,150
15,595	07/08/03	Various Purpose	2.625 - 3.750	Serial 2004 to 2017	2013	"	7,145
3,710	07/08/03	Various Purpose	4.000 / 4.125	Term 2020 & 2023	2013	"	3,710
6,555	06/01/05	Storm Sewer Refunding	2.500 - 4.375	Serial 2005 to 2017	2011	"	4,870
9,950	06/15/05	Storm Sewer Construction	3.250 - 4.250	Serial 2006 to 2025	2015	"	8,465
8,295	06/27/07	Stormwater Drainage and Flood Mgmt	4.625 - 5.000	Serial 2008 to 2027	2017	"	7,795
		Total General Bonds					\$ 52,440
Tax Allocation Bonds:							
1,035	04/21/04	Tax Allocation Bonds	2.000 - 3.200	Serial 2004 to 2011	2008	Semiannually	420
5,500	04/21/04	Tax Allocation Bonds	3.000 - 4.800	Serial 2004 to 2015	2010	"	3,750
365	08/15/05	Tax Allocation Bonds	4.750	Serial 2006 to 2018	Anytime	"	271
288	10/01/06	Tax Allocation Bonds	5.100	Serial 2008 to 2016	Anytime	"	247
2,205	04/05/07	Tax Allocation Bonds	5.000 - 5.550	Serial 2009 to 2018	2012	"	2,205
601	06/01/07	Tax Allocation Bonds	5.240	Serial 2008 to 2018	Anytime	"	578
388	06/01/07	Tax Allocation Bonds	5.240	Serial 2007 to 2020	Anytime	"	346
369	06/15/07	Tax Allocation Bonds	5.400	Serial 2007 to 2014	Anytime	"	285
42	07/15/08	Tax Allocation Bonds	4.660	Serial 2009 to 2021	Anytime	"	42
71	07/15/08	Tax Allocation Bonds	4.660	Serial 2009 to 2017	Anytime	"	71
474	07/15/08	Tax Allocation Bonds	4.660	Serial 2009 to 2022	Anytime	"	429
547	08/01/08	Tax Allocation Bonds	4.610	Serial 2009 to 2022	Anytime	"	532
200	08/01/08	Tax Allocation Bonds	4.610	Serial 2009 to 2022	Anytime	"	194
611	06/30/09	Tax Allocation Bonds	7.00	Serial 2011 to 2023	Anytime	"	611
3,375	07/28/09	Tax Allocation Bonds	2.500 - 6.400	Serial 2011 to 2023	Anytime	"	3,375
		Total Tax Allocation Bonds					\$ 13,356
Tax Supported Bonds:							
35,000	03/17/04	Highway Allocation Fund	2.000 - 5.000	Serial 2007 to 2023	2014	Semiannually	34,080
27,000	12/05/06	Highway Allocation Fund	4.000 - 5.000	Serial 2008 to 2027	2016	"	25,305
		Total Tax-Supported Bonds					\$ 59,385
TOTAL GENERAL OBLIGATION BONDS							
							\$ 125,181
Tax Supported Bonds:							
11,080	3/13/02	Antelope Valley Project	1.500 - 5.000	Serial 2002 to 2016	2012	Semiannually	\$ 7,265
Business-Type Activities:							
Revenue Bonds:							
39,235	07/31/03	Wastewater Revenue	2.000 - 5.000	Serial 2004 to 2023	2013	Semiannually	\$ 29,720
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	"	16,030
16,710	04/18/07	Wastewater Revenue	4.000 - 4.500	Serial 2008 to 2029	2017	"	15,840
3,750	04/18/07	Wastewater Revenue	4.375	Term 2032	2017	"	3,750
		Total Wastewater Bonds					\$ 81,105
11,850	11/22/02	Water Revenue	2.750 - 5.000	Serial 2005 to 2017	2012	Semiannually	\$ 7,940
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	-	"	11,100
40,000	11/16/04	Water Revenue	3.000 - 5.000	Serial 2005 to 2025	2014	"	35,160
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					\$ 76,280
6,695	09/08/99	Parking Revenue Series A	5.375	Term 2014	2009	"	\$ 6,695
4,360	12/18/01	Parking Revenue	3.750 - 5.000	Serial 2002 to 2017	2011	"	2,475
1,640	12/18/01	Parking Revenue	5.125	Term 2021	2011	"	1,640
		Total Parking Bonds					\$ 10,810
3,165	11/27/01	Golf Course Revenue Refunding	2.300 - 4.050	Serial 2002 to 2011	2008	Semiannually	\$ 715
4,000	08/17/06	Solid Waste Management Revenue	4.000 - 4.250	Serial 2007 to 2021	2013	Semiannually	\$ 3,430
148,190	10/01/02	Electric Revenue and Refunding Bonds	4.000 - 5.000	Serial 2004 to 2025	2012	"	103,290
93,045	10/01/03	Electric Revenue and Refunding Bonds	3.000 - 5.000	Serial 2004 to 2026	2014	"	84,415
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	"	183,230
81,850	05/15/07	Electric Revenue and Refunding Bonds	4.500 / 4.750	Term 2034 & 2037	2016	"	81,850
		Total Electric Bonds					\$ 601,050
TOTAL REVENUE BONDS							
							\$ 773,390

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
2010	\$ 6,798	5,351	660	326	3,198	1,042
2011	7,288	5,130	685	299	3,212	953
2012	8,162	4,816	710	271	3,656	847
2013	8,063	4,474	740	238	2,429	726
2014	8,385	4,120	780	200	2,418	639
2015 - 2019	43,222	14,857	3,690	335	8,779	1,924
2020 - 2024	35,298	6,023	-	-	2,630	749
2025 - 2029	7,965	657	-	-	1,772	155
	<u>\$ 125,181</u>	<u>45,428</u>	<u>7,265</u>	<u>1,669</u>	<u>28,094</u>	<u>7,035</u>

Fiscal Year Ended August 31	Business-Type Activities			
	Revenue Bonds		Capital Leases	
	Principal	Interest	Principal	Interest
2010	\$ 27,730	36,590	146	13
2011	29,000	35,270	127	7
2012	28,750	33,895	65	1
2013	27,800	32,481	-	-
2014	29,265	31,121	-	-
2015 - 2019	159,060	133,377	-	-
2020 - 2024	141,370	94,338	-	-
2025 - 2029	112,620	66,044	-	-
2030 - 2034	114,460	38,872	-	-
2035 - 2039	103,335	10,447	-	-
	<u>\$ 773,390</u>	<u>512,435</u>	<u>338</u>	<u>21</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 \$3,945,644, \$3,401,372, and \$8,708,856 are currently available in the debt service funds to service the General Obligation Bonds, Tax Supported Bonds, and Tax Allocation 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	\$ 515,750	\$ 210,000
Buildings	11,914,750	-
Improvements	219,925	-
Infrastructure	10,933,215	-
Machinery and Equipment	1,838,042	3,113,553
Less Accumulated Depreciation, (where applicable)	<u>(3,483,954)</u>	<u>(2,416,018)</u>
Total	<u>\$ 21,937,728</u>	<u>\$ 907,535</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 coverages.

Established by City Ordinance, LES may borrow up to \$150 million under a commercial paper note program. At December 31, 2008, LES had \$90.0 million of tax exempt commercial paper notes outstanding. The notes mature at various dates but not more than 270 days after the date of issuance. The weighted-average interest rate for the year ended December 31, 2008, was 2.29 percent. The annual requirement to pay interest on this outstanding debt is approximately \$2.1 million. The outstanding commercial paper notes are secured by a revolving credit agreement which provides for borrowings up to \$150 million. LES pays a commitment fee for the credit agreement. Under the terms of the agreement LES can either settle or refinance the commercial paper upon maturity.

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, 2009, is summarized below (unaudited):

<u>Governmental Units</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Direct And Overlapping Debt To The City</u>
Direct:			
City	\$ <u>125,181,000</u>	100.0 %	\$ <u>125,181,000</u>
Overlapping:			
School District #1	329,200,000	99.5	327,554,000
Lower Platte South N.R.D.	4,750,000	75.4	3,582,000
Lancaster County	2,330,000	85.4	1,990,000
Public Building Commission	44,400,000	85.4	37,918,000
Lancaster County Correctional Facility	64,390,000	85.4	54,989,000
Lancaster County Fairgrounds	<u>8,830,000</u>	85.4	<u>7,541,000</u>
	<u>453,900,000</u>		<u>433,574,000</u>
Total	\$ <u>579,081,000</u>		\$ <u>558,755,000</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 \$497.49; a per capita direct and overlapping debt of \$2,220.60; a ratio of direct City debt to 2009 actual valuation of .79 percent; and a ratio of direct and overlapping debt to 2009 actual valuation of 3.51 percent.

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 ³	Total Debt Service	Total General Governmental Expenditures ^{1,2}	Ratio Of Debt Service To Total General Expenditures
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
2001	4,966,405	2,753,247	7,719,652	134,089,961	5.76
2000	5,125,296	2,772,021	7,897,317	123,673,645	6.39

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

² StarTran added as a Governmental Fund in 2002.

³ 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 ²	Ratio Of Net Debt To Assessed Valuation Real & Personal	Assessed Valuation Of Taxable ² Real Property	Ratio Of Net Debt To Estimated Valuation Of Taxable Real Property
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
2001	54,418,000	11,243,000	43,175,000	225,588	191.39	9,620,947,855	0.45	8,814,516,041	0.49
2000	58,814,000	9,739,000	49,075,000	218,497	224.60	9,140,641,057	0.54	8,423,860,600	0.58

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	
<u>Wastewater System</u>							
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
2001	16,663,975	8,087,688	8,576,287	952,500	364,972	1,317,472	6.51
2000	16,741,692	7,707,242	9,034,450	912,500	411,097	1,323,597	6.83
<u>Water System</u>							
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
2001	22,489,456	10,960,315	11,529,141	2,755,000	2,240,075	4,995,075	2.31
2000	24,018,217	9,812,147	14,206,070	2,640,000	2,361,515	5,001,515	2.84
<u>Golf</u>							
<u>Facility and Course Fees</u>							
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
2001	2,626,592	2,140,853	485,739	230,000	239,088	469,088	1.04
2000	2,934,568	1,952,906	981,662	215,000	252,310	467,310	2.10
<u>Parking Facilities</u> ^{1,2}							
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
2001	5,172,264	2,127,350	3,044,914	795,000	787,419	1,582,419	1.92
2000	4,853,708	1,393,637	3,460,071	455,000	761,521	1,216,521	2.84
<u>Solid Waste Management</u>							
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
2007	8,020,390	5,079,147	2,941,243	185,000	155,971	340,971	8.63

- 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

	<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>	<u>F.Y. 2001</u>	<u>F.Y. 2000</u>
Cash & Investment Balance - September 1 of Year Indicated	15,738,481	14,632,274	13,475,643	18,948,253	23,521,130	26,784,845	26,589,993	24,802,768	26,814,745	25,069,133
Receipts:										
Property Tax	33,783,984	32,181,660	31,454,763	28,366,526	26,727,618	24,546,532	22,780,085	23,353,414	20,284,364	19,487,198
City Sales & Use Tax	54,255,376	55,733,297	53,960,485	54,270,346	53,781,209	51,869,477	48,657,268	45,393,492	44,486,127	43,608,313
Other Income	<u>27,389,492</u>	<u>26,270,119</u>	<u>27,663,641</u>	<u>25,390,112</u>	<u>25,620,145</u>	<u>23,615,320</u>	<u>24,933,838</u>	<u>26,342,414</u>	<u>21,786,016</u>	<u>21,339,093</u>
Total Receipts	115,428,852	114,185,076	113,078,889	108,026,984	106,128,972	100,031,329	96,371,191	95,089,320	86,556,507	84,434,604
Less Disbursements	<u>114,880,707</u>	<u>113,078,869</u>	<u>111,922,258</u>	<u>113,499,594</u>	<u>110,701,849</u>	<u>103,295,044</u>	<u>96,176,339</u>	<u>93,302,095</u>	<u>88,568,484</u>	<u>82,688,992</u>
Cash & Investment Balance - August 31 of Year Indicated	<u>16,286,626</u>	<u>15,738,481</u>	<u>14,632,274</u>	<u>13,475,643</u>	<u>18,948,253</u>	<u>23,521,130</u>	<u>26,784,845</u>	<u>26,589,993</u>	<u>24,802,768</u>	<u>26,814,745</u>

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. 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>	<u>F. Y. 2001</u>	<u>F. Y. 2000</u>
Cash Balance - September 1 of Year Indicated	4,201,889	4,057,088	2,761,491	3,364,608	3,570,557	2,935,997	3,440,537	3,099,198	3,313,405	3,536,402
Receipts:										
Property Tax	5,689,007	5,709,454	5,460,690	2,973,410	5,607,615	5,387,468	5,883,592	6,340,938	5,814,489	5,843,384
Interest Income	131,475	153,977	84,935	86,812	83,286	48,595	32,298	53,873	107,693	174,146
Bond Proceeds					6,597,635		9,436,083			
Other Income	<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>	<u>235,736</u>	<u>247,591</u>
Total Receipts	<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>	<u>6,157,918</u>	<u>6,265,121</u>
Disbursements:										
Bonds Paid	4,320,000	4,260,000	3,950,000	4,250,000	3,850,000	3,215,000	4,177,765	4,137,254	4,052,948	3,973,769
Bonds Defeased							9,609,774			
Interest Paid	2,335,411	2,456,373	2,217,610	2,342,582	2,197,207	2,271,548	2,309,084	2,144,322	2,308,922	2,500,471
Transfer to Trustee					6,504,876					
Other Disbursements	<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>	<u>10,255</u>	<u>13,878</u>
Total Disbursements	<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>	<u>6,372,125</u>	<u>6,488,118</u>
Equity Transfer										
Cash Balance - August 31 of Year Indicated	<u><u>3,533,968</u></u>	<u><u>4,201,889</u></u>	<u><u>4,057,088</u></u>	<u><u>2,761,491</u></u>	<u><u>3,364,608</u></u>	<u><u>3,570,557</u></u>	<u><u>2,935,997</u></u>	<u><u>3,440,537</u></u>	<u><u>3,099,198</u></u>	<u><u>3,313,405</u></u>

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

	<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>	<u>F.Y. 2001</u>	<u>F.Y. 2000</u>
Cash & Investment Balance - September 1 of Year Indicated	11,148,146	9,991,053	8,846,000	7,583,251	7,830,502	6,910,967	6,586,633	3,778,207	4,964,458	5,003,362
Receipts:										
Special Assessment Collections	954,672	1,235,621	1,257,112	1,476,284	1,208,686	1,654,695	1,271,575	1,360,347	1,529,352	1,638,233
Interest on Special Assessments	112,749	179,258	188,349	189,927	204,108	267,298	346,725	294,839	257,157	310,558
City's Share of Costs	34,802		187,957	723,038	578,992	116,009	97,107	2,145,574	2,516,175	895,961
Developers' Share of Costs								4,617	473,445	
Bond Proceeds										
Interest on Investments	335,273	453,282	340,274	254,809	217,996	140,289	130,555	137,143	219,536	286,460
Miscellaneous		<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>	<u>144,005</u>	<u>993,245</u>
Total Receipts	<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>	<u>5,139,670</u>	<u>4,124,457</u>
Disbursements:										
Construction Costs	861,203	742,698	766,768	1,066,513	1,796,239	1,399,323	1,560,456	1,090,434	3,646,025	2,338,999
Bonds Paid			55,000		100,000	105,000	105,000	110,000	270,000	770,000
Equity Transfer	7,554,009									
Interest Paid on Bonds & Notes			37,581		3,425	10,420	17,534	24,762	39,438	67,293
Other Refunds & Expenses	<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>	<u>2,370,458</u>	<u>987,069</u>
Total Disbursements	<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>	<u>6,325,921</u>	<u>4,163,361</u>
Cash & Investment Balance - August 31 of Year Indicated	<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>	<u>3,778,207</u>	<u>4,964,458</u>

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APPENDIX B

**CITY OF LINCOLN, NEBRASKA
PARKING STUDY**

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WALKER
PARKING CONSULTANTS

MARKET AND FINANCIAL ANALYSIS

BLOCK 38 PROJECT
PARKING STRUCTURE
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

November 15, 2010



FIRST HOUR FREE



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

November 15, 2010

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
Block 38 Project Parking Structure, Lincoln, Nebraska
Walker Project #21-3626.00

Dear Mr. Smith:

Walker Parking Consultants is pleased to submit this report of our analysis regarding the proposed Block 38 Project 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, including 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

A handwritten signature in black ink, appearing to read "Jon Efroymson". The signature is fluid and cursive, written over a white background.

Jon Efroymson
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
Lisa Druliner DeBuse, Attorney at Law, Gilmore & Bell, P.C., Lincoln, Nebraska
John Dorsett, Senior V.P. and Director of Consulting Resources Group, Walker Parking Consultants

TABLE OF CONTENTS

Executive Summary ii

Introduction and Project Understanding 1

Special Assumptions and Limiting Conditions..... 2

Methodology 3

Definitions of Terms 4

Market Analysis..... 5

Project Description 5

Study Area 5

Character of the State and City 8

Major Employers 8

Unemployment Rate 10

Office Market Overview 11

Retail Market Overview..... 12

University of Nebraska – Lincoln 13

Downtown Lincoln Projects..... 14

City of Lincoln Parking Operation..... 16

Municipal Parking Facilities..... 23

Other CBD Parking Facilities 38

Effective Municipal Parking Supply 38

Parking System Occupancy and Parking Adequacy 40

Comparable Occupancy and Parking Adequacy..... 42

Shared Parking..... 43

Parking Operator..... 46

New Downtown Lincoln Parking Initiative 47

Off-Street Parking Rate 47

Conceptual Cost 49

Operating Expenses 52

Parking Income and Expense Projections 54

Operating Pro Forma..... 56

Debt Service Coverage..... 57

Historical System Revenues and Expenses 57

Base Case Scenario..... 60

Block 38 Revenue Scenario 61

Supplemental Pledge of Funds..... 62

Statement of Limiting Conditions 63

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

INTRODUCTION AND PROJECT UNDERSTANDING

Walker Parking Consultants has been engaged by the City of Lincoln to complete a market and financial analysis of the prospective parking facility to be located at the corner of 13th and P Streets. On a limited basis, Walker Parking Consultants has previously studied the 13th and P project, which is also known as the Block 38 Project.

Prior to the planning of the current Block 38 Project, a different developer planned a project to be located at the corner of 13th and P Streets; at that time, this project was called "The Catalyst." Since then, the new Urban 38 development team has proposed a different project on the same redevelopment site.

On November 20, 2009, Mayor Chris Beutler announced that the City had selected a new development team for the City-owned "Catalyst" site on the south side of "Q" Street between 13th and 14th streets. The Urban 38 team, which includes local developer WRK, submitted a plan that includes retail and residential space as well as public parking. Woodbury Corporation and Colmena Capital also serve on the project's development team. The project includes a City parking garage to be built along with the private component for a total investment of about \$27.1 million.

The Block 38 Project includes 17,234 square feet of retail space at the street level; six floors of parking with about 630 stalls; and three floors of residential space above the parking garage consisting of approximately 192 beds in approximately 55 residential dwelling units. WRK and Woodbury are also partnering on a hotel project at 8th and R streets as well as a \$100 million mixed-use development in conjunction with Lincoln Haymarket Arena. Current plans for the Block 38 Project call for groundbreaking in December of 2010.

The City has reported that it has approximately \$25 million in available bonding capacity through its parking enterprise and \$4 million in reserves. The City intends to issue a revenue bond to fund the cost of construction of the City's Block 38 Project parking improvement and to refund the existing Parking Revenue Series 1999A bonds. The City does not intend to issue refunding bonds for the Parking Revenue Bonds, Series 2001.

SPECIAL ASSUMPTIONS AND LIMITING CONDITIONS

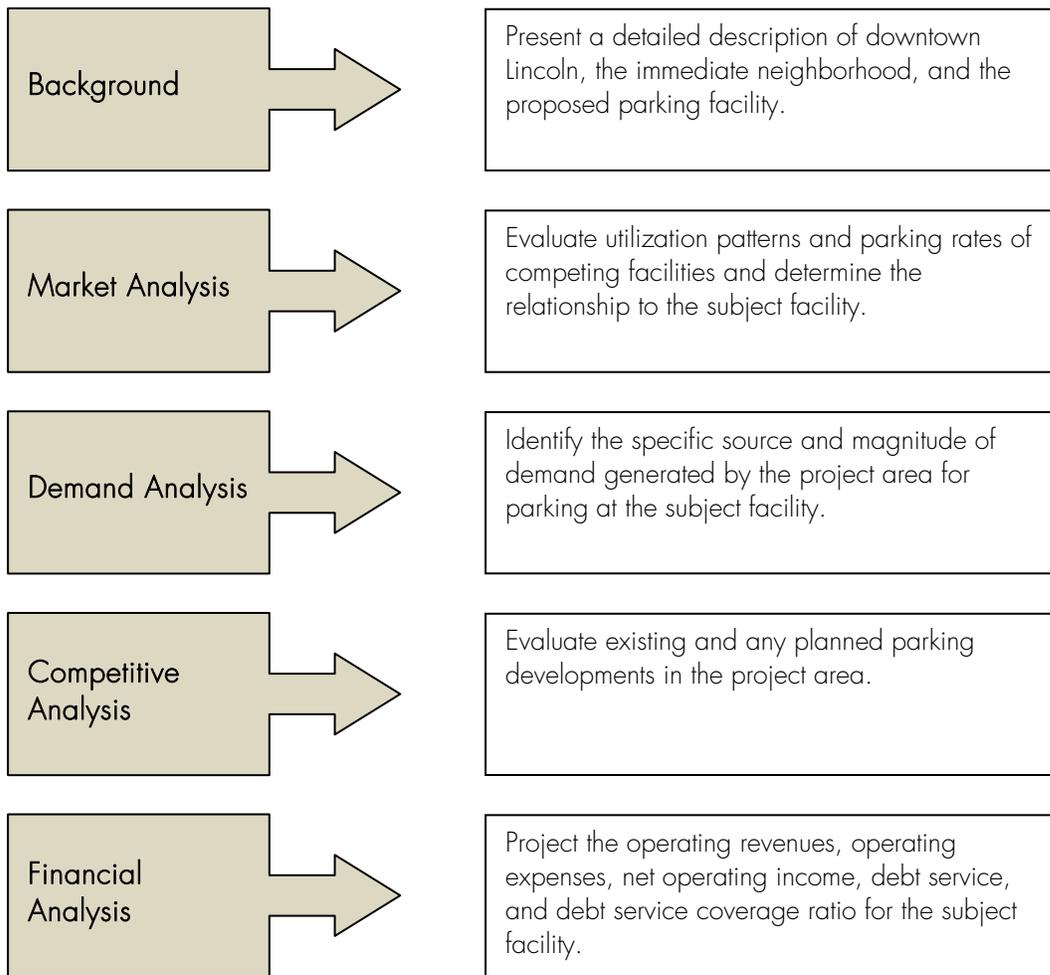
In addition to the general assumptions and limiting conditions, this report has been prepared under the following special assumptions and limiting conditions:

1. It is assumed that all required development agreements and/or entitlements for all elements of the subject parking 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 happen 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.

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

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. The city's population, according to the 2000 Census, was 225,581. The Census Bureau estimates the 2009 population as 254,001. The Lincoln and Lancaster County Comprehensive Plan documents that the city's population is projected to increase to approximately 327,000 by 2025. This indicates a 29% increase in population is expected within the intermediate term. The 2009 population of Lancaster County is estimated at 281,531 and the 2009 population of Nebraska is estimated at 1,796,619. The city area covers approximately 75 square miles, and is a one-day automobile drive from Chicago, Denver, Des Moines, Kansas City, Minneapolis, and St. Louis.

PROJECT DESCRIPTION

The Block 38 Project is a proposed \$27 million, 10-story building that will be jointly financed by the City and Urban 38, collaboration between WRK LLC of Lincoln and Woodbury Corp. of Salt Lake City. The improvements are to be constructed on the block bounded by 13th Street on the west, 14th Street on the east, Q Street on the north, and the alley to the south.

Subject to completion of the final design, the condominium regime is expected to include the following mixed-use components ("Mixed Use Facility"): three retail/commercial condominium units for approximately 17,234 square feet of first floor space ("Commercial Units") to be conveyed to and owned by Redeveloper (Urban 38), a condominium unit for a street level public parking office ("Parking Office Unit") to be owned by the City, a condominium unit for motor vehicle ingress and egress and a six upper-story parking garage, including a top level transfer deck ceiling, with approximately 630 stalls to be owned by the City ("Parking Garage Unit"), and one condominium unit for three floors of residential space above the Parking Garage Unit consisting of approximately 192 bedrooms in 55 two and four-bedroom residential dwelling units to be conveyed to and owned by Redeveloper ("Residential Unit"). The Commercial Units and the Residential Unit in the Mixed Use Facility are collectively referred to herein as the "Redeveloper Property." The Parking Office Unit and Parking Garage Unit in the Mixed Use Facility are collectively referred to herein as "City Property."

Urban 38 bought the existing building improvements in December 2009 for \$1.5 million, and is negotiating the termination of tenants' leases with Quizno's, Chipotle Mexican Grill, Valentino's, and Coldstone Creamery.

If the parties are unable to achieve acceptable GMPs for the Project One Mixed Use Facility, then the parties will agree to work together to reduce the scope of the Block 38 redevelopment project to include only a mixed-use facility with retail/commercial on the ground floor, a multi-story parking garage above the retail/commercial space, and related public improvements.

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

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



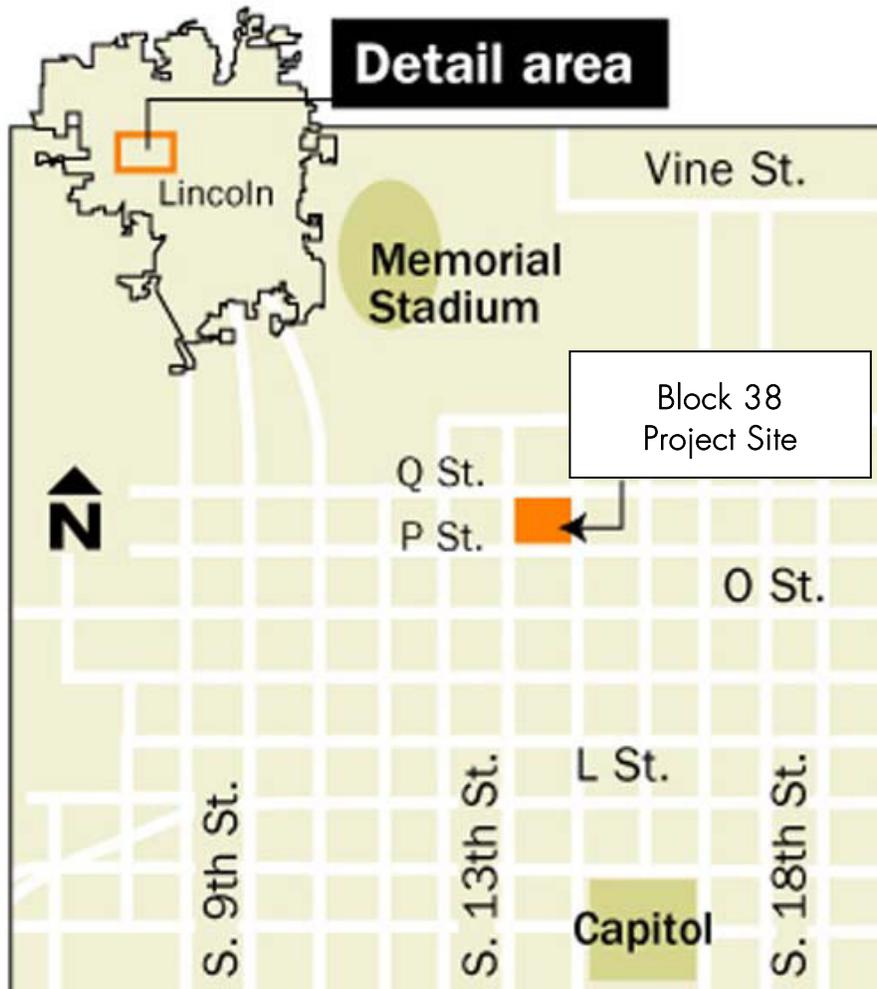
NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

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 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 7th Street 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. This analysis provides a brief description of the existing conditions within the City and the CBD, along with a discussion of the parking market conditions and other influential factors.

Figure 2: Location Map and Study Area

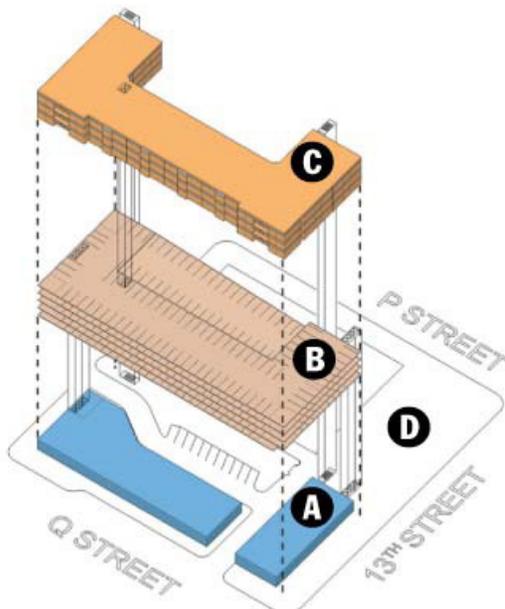


Source: Walker Parking Consultants

Figure 3: Block 38 Conceptual Drawing



Figure 4: Block 38 Building Sketch



- A. One floor of street-level retail with garage entry and exit.
- B. Six floors of new public parking for 630± vehicles.
- C. Three floors of housing units above the parking, including a garden terrace.
- D. A civic plaza at the intersection of 13th and P streets.

Source: WRK LLC and Woodbury Corp.

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 bustling with commerce, business, industry and entertainment. Evidence of a strong local economy abounds, 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. In April, 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. Manpower's fourth quarter 2009 Employment Outlook Survey pegged Lincoln as the city where employers are most likely to add employees.

The Planning Department, the Urban Development Team, and other City departments of Lincoln have developed 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.

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.

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

Table 1: 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 2: 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

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 the second most likely place in the nation to see an early housing recovery out of 161 surveyed metro markets.

UNEMPLOYMENT RATE

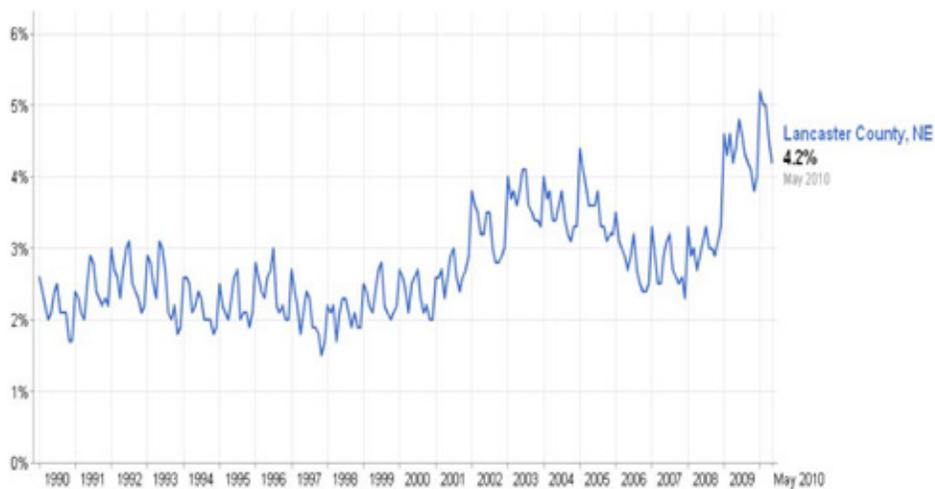
Lincoln offers a highly educated and motivated labor force. The work ethic and productivity of the Lincoln employees are cited by local employers as two key advantages of doing business in Lincoln. Average annual employment continues to grow steadily and the unemployment rate remains relatively low.

Tabular and graphical depictions of the city's unemployment rate from years 2003 to 2010. According to the Bureau of Labor, as of the end of June 2010, Lincoln had an unemployment rate of approximately 4.7%.

Table 3: 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 (June)	4.7%	4.7%

Figure 5: Historical Unemployment in Lancaster County



Source: U.S. Bureau of Labor Statistics

The current unemployment rates of Lincoln and Lancaster County is about half that of the 9.6% national average.

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

OFFICE MARKET OVERVIEW

According to the NAI FMA Realty Market Report for First Half 2010, the Lincoln office sector continued to have space come back onto the market. Yet looking behind the numbers, the vast majority of the reduction occurred in connection with the expected vacancy by Allstate in the CBD; aside from that change, first half performance was relatively flat.

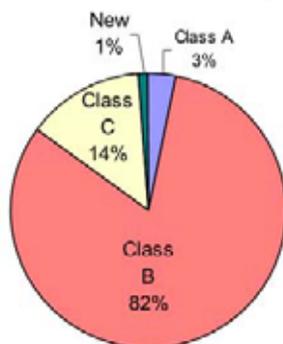
The overall market recorded over 96,000 square feet of negative net absorption in the first half 2010. In the past year, the office market has given back close to a quarter million (231,520) square feet in negative net absorption. For the first half, Class B space took a major blow for the year, as it experienced over 100,000 square feet of negative net absorption. However, when the expected vacancy by Allstate in the CBD is removed, first half performance was nearly unchanged.

Table 4: CBD Office Market

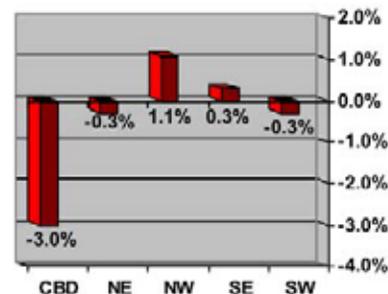
SUBMARKET/CLASS	# BLDGS	TOTAL RENTABLE SQ. FT.	TOTAL AVAILABLE SQ. FT.	% VACANT	NET ABSORPTION	TOTAL AVERAGE ASKING RATE (\$/SF/YR)
OFFICE						
CBD						
Class A	5	648,954	74,021	11.4%	800	\$17.29
Class B	101	2,876,158	416,655	14.5%	(115,440)	\$15.31
Class C	24	262,196	10,696	4.1%	-0-	\$11.95
New	N/A	N/A	N/A	N/A	-0-	N/A
Subtotal	130	3,787,308	501,372	13.2%	(114,640)	\$15.53

Figure 6: City-Wide Office Market

Office Market Inventory



Net Absorption by Sector



Source: NAI FMA Realty Market Report for First Half 2010

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

City-wide average office market vacancy is approximately 11.5%. Over the next six months, current market conditions are likely to remain unchanged. The market continues to be favorable to tenants, as landlords try to negotiate more early renewals and structure terms better suited for the current economic climate in order to keep their tenant base. With over one million square feet of available Class A and B office space, it will take awhile to burn through this surplus, even though, there is very little speculative construction underway.

RETAIL MARKET OVERVIEW

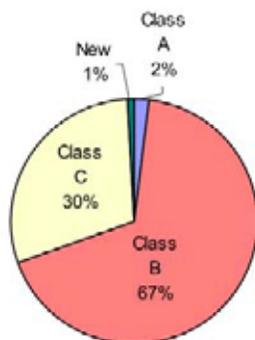
Although opportunities exist, the retail market conditions remain challenging for Lincoln retail landlords. Less than 40,000 square feet of new construction has been completed in 2010 with the majority of the new product focused on smaller retail projects of 10,000 square feet and under. The decrease in new construction will aid the market in back-filling the excess inventory

Table 5: CBD Retail Market

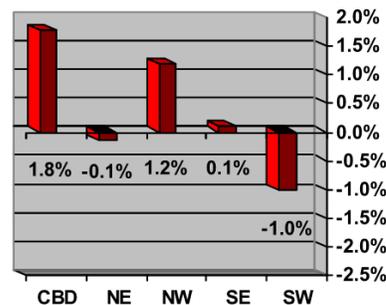
SUBMARKET/CLASS	# BLDGS	TOTAL RENTABLE SQ. FT.	TOTAL AVAILABLE SQ. FT.	% VACANT	NET ABSORPTION	TOTAL AVERAGE ASKING RATE (\$/SF/YR)
RETAIL						
CBD						
Class A	4	82,835	7,792	9.4%	3,415	\$18.00
Class B	128	1,093,662	131,996	12.1%	28,238	\$10.00
Class C	64	364,732	74,278	20.4%	(3,778)	\$6.57
New	N/A	N/A	N/A	N/A	N/A	N/A
Subtotal	196	1,541,229	214,066	13.9%	27,875	\$9.10

Figure 7: City-Wide Retail Market

Retail Market Inventory



Net Absorption by Sector



Source: NAI FMA Realty Market Report for First Half 2010

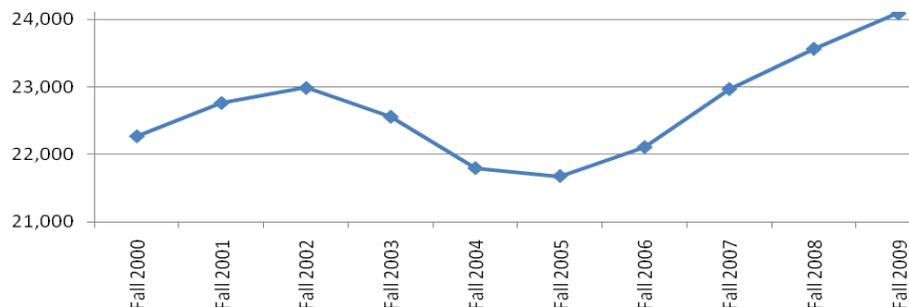
The overall retail vacancy rate increased to 9.1 percent, a small increase from 8.8 percent at the end of 2009. The pace of store closings slowed during the first part of the year. While vacancy rates continue to rise nationally and locally, Lincoln is seeing activity in select segments of the retail market. Small business owners and franchisees are what have been driving the local retail leasing activity in the first half of 2010. The tenants with strong, stable businesses are able to take advantage of the market to expand or open additional locations to back-fill some of the vacancies left behind in 2009.

UNIVERSITY OF NEBRASKA - LINCOLN

The University of Nebraska-Lincoln (UNL) campus is situated on the northern border of downtown Lincoln. Student enrollment increased from 22,268 students in the fall semester of 2000 to 24,100 by fall 2009. The following table and figure illustrates the change in UNL enrollment from fall 2000 to fall 2009.

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



Source: University of Nebraska-Lincoln

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 employers.

The UNL campus is home to the Nebraska Cornhuskers, a new 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 average home game attendance has been over 75,000 spectators. 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. On October 15, 2010, the University of Nebraska Board of Regents approved plans to expand Memorial Stadium's capacity to more than 90,000, as well as construction of a new indoor practice facility for baseball and softball at Haymarket Park. Initial plans include 2,000 to 2,200 new club seats, approximately 2,800 additional general seats and 500 skybox seats, at a total conceptual cost of about \$55 million.

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.

Innovation Campus: The University of Nebraska-Lincoln now owns the 250-acre State Fair Park and will begin 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 expected.

The Arena: The City has embarked on a plan to build a new arena in the Haymarket area. Supporting improvements include three parking garages and new streets and bridges. Private developers would develop \$100 million in accompanying shops, offices, apartments and a hotel near the arena.

Assurity Building: Assurity Life Insurance Co. is building 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 cost is projected at approximately \$56 million, with \$7.2 million in public participation.

UNL Dorms: 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.

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.

WRK Hotel and Sheldon Extension: WRK, Woodbury and the University of Nebraska-Lincoln plan to redevelop 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.

B&J 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.

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

Farmers Mutual Insurance Company Headquarters: Farmers Mutual Insurance Company of Nebraska plans to build 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.

Color Court Redevelopment: WRK is renovating three buildings into mixed-use commercial buildings, and may build a residential/commercial building on the block bounded by Eighth, Ninth and M Streets and Rosa Parks Way. The cost is reported at \$7.6 million, including about \$800,000 in public participation.

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 is completing 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. The cost is reported at \$16.8 million.

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.

Lincoln Synergy (cancelled): In April 2007, a \$180-million, three-skyscraper project was announced by a development group called Lincoln Synergy. The Lincoln Journal Star newspaper reported that for more than a year and a half, both the city and the developers tried to keep the project on track, but were unable to maintain progress. In December 2008, Mayor Chris Beutler held a press conference to announce that project financing could not be secured.

CITY OF LINCOLN PARKING OPERATIONS

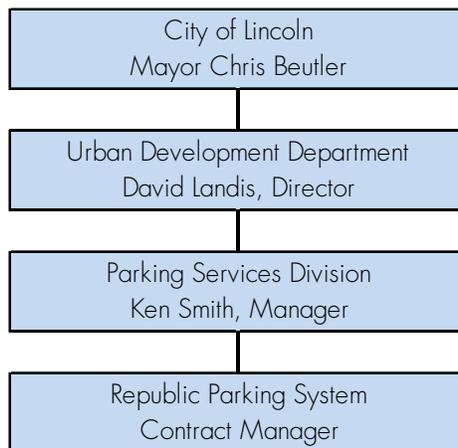
The Parking Services Division of the Urban Development Department coordinates and manages the parking operations for the City of Lincoln.

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.

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, 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/>)

As stated in the Urban Development Department's 3-Year Strategic Plan FY 2010 – 2012 on page 14, "the Parking Services Division's mission is to protect the City's investment in the parking system by maintaining and improving on safe, reliable, and efficient parking facilities and equipment."

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

HOURS OF OPERATION

Facility	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
Carraige Park	10 am - 6 pm					Unstaffed	
Center Park	9 am - 10:30 pm					5 pm - 10:30 pm	Unstaffed
Cornhusker	6 am - 9:30 pm						6 am - 2 pm
Haymarket	10 am - 10 pm				10 am - Midnight	6 pm - Midnight	Unstaffed
Market Place	10 am - 10 pm						Unstaffed
Que Place	24/7						
University Square	10 am - 10 pm	10 am - 11 pm		10 am - 2 am		4 pm - 2 am	Unstaffed
13th & P Lot	Lot Checked Every Hour						
Starship Lot	Lot Checked Every Hour						
Iron Horse Lot	Unstaffed -- Machine Only						
Lincoln Station South Lot	Unstaffed -- Meters and Hang Tags						
Lumberworks Lot	Unstaffed -- Machine Only						

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.

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

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

Carriage Park	11th and L Streets
Center Park	11th and N Streets
Cornhusker	12th and L Streets
Haymarket	9th and Q Streets
Iron Horse	7th and Q Streets
Market Place	10th and Q Streets
Que Place	11th and Q Streets
University Square	14th and P Streets
Lumberworks Lot	7 th and 'O' Streets

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

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

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.

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.

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

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 will be charged for certain events held in the Downtown area. These rates are charged just for the day of the event and they may vary from week to week. You can contact the City Parking Office at 441-PARK to find out how much parking will cost at a special event you plan on attending or look for the event parking signs at each parking facility.

HAYMARKET SPECIALS

Under the Bridge Special: Look under the bridge for the best parking special in town! Park up to 4 hours for \$1 at Lumberworks Lot, located at 7th and O Street, under the Harris Overpass Bridge. That's \$1 for every 4 hours with a \$6 maximum per 24 hours – a fraction of what it costs to park at a meter & without the fear of getting a ticket! This program is geared towards wait staff in the Haymarket area.

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

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

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 good on Saturdays during the Farmers' Market.

GRAND THEATRE SPECIAL

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'
- University Square Garage - 14th & 'P'
- Carriage Park Garage - 11th & 'M'
- Cornhusker Square Garage - 13th & 'M'

ON-STREET PARKING

The City of Lincoln operates approximately 2,400 parking meters in the downtown area. The metered spaces are located throughout downtown Lincoln and are enforced by the Parking Services Division. Colored meter posts indicate time limits for metered spaces. All meters cost \$0.50 per hour.

Meters located on City streets are enforced from 8:00 a.m. to 6:00 p.m. Monday through Saturday. Meters are not enforced on Sundays and the following holidays:

- New Year's Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day
- Christmas Day

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.

Parking meters are color coded 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.

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

Table 6: 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. Fines for expired time are \$10.00. It is illegal to deposit additional coins in the meter after the time limit has been reached. This is also called "plugging" the meter.

PARKING IN THE WEST HAYMARKET

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. The Lincoln Haymarket Arena is a proposed new development in the area west of the current Haymarket District.

The Haymarket Arena project includes the following new developments.

- 16,000 seat arena (w/ UNL basketball as the anchor tenant)
- Breslow Ice Center
- Public Gathering Space
- Festival Space
- 200-room Hotel
- New places to eat and shop
- 100 apartments and condos

The project also includes parking and infrastructure to support these new uses.

A comprehensive West Haymarket Integrated Development Plan and Haymarket Parking Study were conducted to assist the development team as they prepared their financial assumptions for the project.

Based on design assumptions, these previous studies indicate the following total stall demand by land-use to be:

- 5,120 arena stalls
- 975 mixed-use development stalls
- 300 ice rink stalls

MUNICIPAL PARKING FACILITIES

The City of Lincoln controls approximately 9,200± spaces within the Central Business District. These spaces are distributed amongst the following categories: 4,199 spaces in parking structures, 481 spaces in surface parking lots, 386 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.

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

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: 7'4"

Skywalk

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

Maximum. \$9 all day

Lease Rate: \$65 per month

On-Line Football Rate: \$10

Day-of-Game Football Rate: \$11

Validation programs available at this facility:

i-Park, Park & Go Plus, Student Park

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

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: 1,161 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: \$75 per month, or \$90 reserved

On-Line Football Rate: \$12

Day-of-Game Football Rate: \$13

Validation programs available at this facility:

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

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

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: \$65 per month, or \$80 reserved

On-Line Football Rate: \$10

Day-of-Game Football Rate: \$11

Validation programs available at this facility:

i-Park, Park & Go Plus, Student Park

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

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: \$50 per month, or \$65 reserved

On-Line Football Rate: \$13

Day-of-Game Football Rate: \$14

Validation programs available at this facility:

i-Park, Park & Go Plus, Student Park

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

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: \$55 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

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

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

On-Line Football Rate: \$13

Day-of-Game Football Rate: \$14

Validation programs available at this facility:

i-Park, Park & Go Plus, Student Park

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

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: \$12

Day-of-Game Football Rate: \$13

Validation programs available at this facility:

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

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

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

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

MUNICIPAL PARKING FACILITY #9



Lincoln Station South Lot

7th and P Street

City of Lincoln Owned and Operated

Capacity: 93 spaces

Daily Rate: \$0.50 per hour meters

Unattended

Lease Rate: \$45 per month, Residents Only

Day-of-Game Football Rate: \$14

Validation programs available at this facility: None

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

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 4 hours, \$5 per 12 hours

Maximum. \$9 per 24 hours

Unattended, Express Park

Credit Card Only

Lease Rate: \$45 per month

On-Line Football Rate: \$13

Day-of-Game Football Rate: \$14

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

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

MUNICIPAL PARKING FACILITY #11



13th and P Street Lot

13th and P Street

City of Lincoln Owned and Operated

Capacity: 43 spaces

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

Maximum. \$5 max. all day

Unattended, Honor Box

Lease Rate: \$55 per month

Day-of-Game Football Rate: \$13

Validation programs available at this facility: None

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

MUNICIPAL PARKING FACILITY #12



Starship Lot

14th and Q Street

City of Lincoln Owned and Operated

Capacity: 99 spaces

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

Maximum. \$5 max. all day

Unattended, Express Park

Lease Rate: \$55 per month

Day-of-Game Football Rate: \$13

Validation programs available at this facility: None

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

MUNICIPAL PARKING FACILITY #13

County/City Parking Deck

10th and K Street

City of Lincoln Owned and Operated

Capacity: 159 spaces

Daily rate: \$5.00

Attendant, Express Park

Parking available to City/County visitors and employees

On-Line Football Rate: \$7

Day-of-Game Football Rate: \$8

LINCOLN PARKING SYSTEM INVENTORY SUMMARY

The City of Lincoln Parking System is summarized by name, location, and capacity in the following table.

Table 7: City of Lincoln Parking System Inventory

City of Lincoln System	Address	Capacity
Carriage Park Garage	1128 L Street	704
Center Park Garage	1120 N Street	1,061
Cornhusker Sq. Garage	1120 L Street	394
Haymarket Garage	848 Q Street	409
Market Place Garage	925 Q Street	385
Que Place Garage	1111 Q Street	809
University Square Garage	101 N 14th Street	437
Iron Horse Lot	7th & Q Streets	159
Lincoln Station South Lot	7th & P Streets	93
Lumberworks Lot	7th & O Streets	87
Starship Lot	14th & Q Streets	99
13th & P St. Lot	13th & P Streets	43
County/City Parking Garage	10th & K Streets	386
Total		5,066

Source: City of Lincoln Parking Services Division

The 142 spaces located in the existing Starship Lot and the 13th and P Street Lot will be displaced by the proposed Block 38 Project.

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS

NOVEMBER 15, 2010



WALKER PROJECT #21-3626.00

Figure 10: Parking Map



Source: City of Lincoln Parking Services Division

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 8: 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	8 th 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		5,208

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, and to reduce the time necessary for parking patrons to circulate to find the last few available spaces. In this analysis, the effective supply factor also reflects utilization of the supply.

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

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

Table 9: Effective Municipal Parking Supply

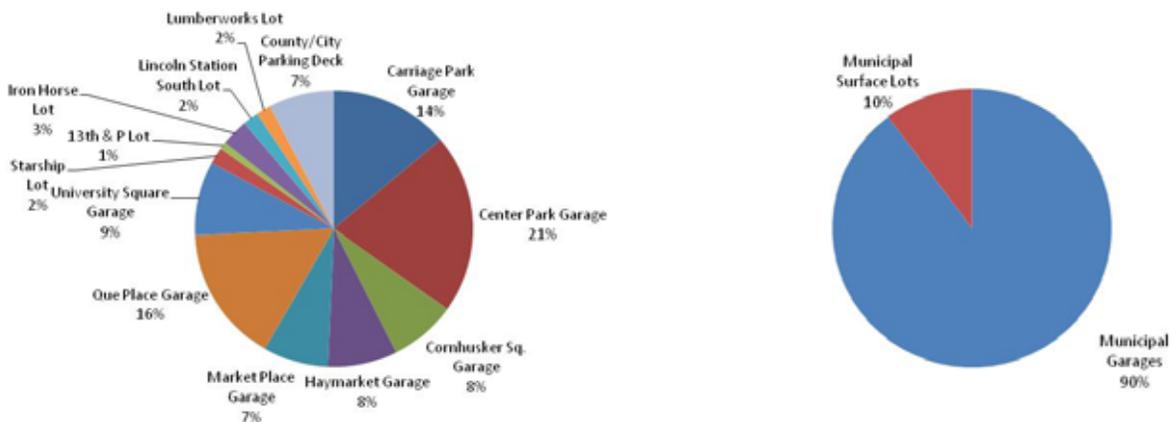
Parking Structure	Capacity	Eff. Supply (0.95)
Carriage Park Garage	704	668
Center Park Garage	1,061	1,007
Cornhusker Sq. Garage	394	374
Haymarket Garage	409	388
Market Place Garage	385	365
Que Place Garage	809	768
University Square Garage	437	415
City Garage Totals	4,199	3,985
Surface Parking		
Starship Lot	99	94
13th & P Lot	43	40
Iron Horse Lot	159	151
Lincoln Station South Lot	93	88
Lumberworks Lot	87	82
City Lot Totals	481	455
System Totals	4,680	4,440
County/City Parking Deck	386	
Total	5,066	

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 4,440 spaces.

Figure 11: Parking Supply



PARKING SYSTEM OCCUPANCY AND PARKING ADEQUACY

The most accurate garage occupancy counts were provided by the City of Lincoln Parking Services Division for the month of May, 2010. Lot counts were supplemented by other counts collected directly by Walker Parking. Occupancy counts are summarized in the following table.

Table 10: System Occupancy Analysis (Based on data collected during May 2010)

Parking Structure	Capacity	Peak Occupancy	
		Spaces	Percent
Carriage Park Garage	704	654	92.9%
Center Park Garage	1,061	1,037	97.7%
Cornhusker Sq. Garage	394	365	92.7%
Haymarket Garage	409	323	79.0%
Market Place Garage	385	355	92.2%
Que Place Garage	809	744	91.9%
University Square Garage	437	571	130.8%
City Garage Total	4,199	4,049	96.4%
Surface Parking			
Starship Lot	99	97	98.0%
13th & P Lot	43	42	97.7%
Iron Horse Lot	159	76	47.8%
Lincoln Station South Lot	93	66	71.0%
Lumberworks Lot	87	58	66.7%
City Lot Total	481	339	70.5%
System Total	4,680	4,388	93.8%
County/City Parking Deck	386	Note: Analysis does not include this deck	
Total	5,066		

Source: Parking Services Division

Parking system adequacy is based on peak demand.

Peak occupancy for structured parking facilities during May 2010 was approximately 96% of capacity.

Peak occupancy for surface parking facilities during May 2010 was approximately 70% of capacity.

Peak occupancy for the system during May 2010 was approximately 94% of capacity.

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

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 surveyed month represents peak annual activity, the survey period is judged to be representative of typically busy activity. These figures are used to estimate the parking adequacy of the municipal parking system.

Table 11: System Parking Adequacy

Parking Structure	Eff. Supply (0.95)	Peak Demand	% of Eff. Supply	Surplus/ (Deficit)
Carriage Park Garage	668	654	97.9%	14
Center Park Garage	1,007	1,037	103.0%	(30)
Cornhusker Sq. Garage	374	365	97.6%	9
Haymarket Garage	388	323	83.2%	65
Market Place Garage	365	355	97.3%	10
Que Place Garage	768	744	96.9%	24
University Square Garage	415	571	137.6%	(156)
City Garage Total	3,985	4,049	101.6%	(64)
Surplus or (Deficit)				-1.6%
Surface Parking				
Starship Lot	94	97	103.2%	(3)
13th & P Lot	40	42	105.0%	(2)
Iron Horse Lot	151	76	50.3%	75
Lincoln Station South Lot	88	66	75.0%	22
Lumberworks Lot	82	58	70.7%	24
City Lot Total	455	339	74.5%	116
Surplus or (Deficit)				25.5%
System Total	4,440	4,388	98.8%	52
Surplus or (Deficit)				1.2%

Source: Parking Services Division and Walker Parking Consultants

Based on this data, it is estimated that the effective system adequacy on peak occupancy days is a surplus of 52 spaces, which represents peak occupancy of 98.8% of effective supply. The situation is tighter for structured parking, with an effective deficit of 64 spaces (101.6% effective peak occupancy). Surface lots exhibit an effective surplus of 116 spaces, but the Starship Lot and the 13th & P Lot have a small deficit.

While there are unoccupied spaces in the system, some of these spaces tend to be located at the greatest distance from the most common destinations, occur on upper or uncovered floors of garages, or require extensive searching. Parking adequacy is representative of a parking market with pent up parking demand.

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

COMPARABLE OCCUPANCY AND PARKING ADEQUACY

For a more meaningful comparison to the proposed Block 38 Project, the calculations of occupancy and parking adequacy is limited to those facilities judged to be the most comparable to the subject property in location and size. Data regarding the Starship Lot and the 13th & P Lot are shown as these facilities will be displaced by the proposed improvements.

Table 12: Comparable Occupancy and Adequacy Analysis

Parking Structure	Capacity	Peak Occupancy		Eff. Supply 0.95	Peak Demand	% of Eff. Supply	Surplus/ (Deficit)
		Spaces	Percent				
Center Park Garage	1,061	1,037	97.7%	1,007	1,037	103.0%	(30)
Market Place Garage	385	355	92.2%	365	355	97.3%	10
Que Place Garage	809	744	92.0%	768	744	96.9%	24
University Square Garage	437	571	130.7%	415	571	137.6%	(156)
Comparable City Garages	2,692	2,707	100.6%	2,555	2,707	105.9%	(152)
Surplus or (Deficit)							-5.9%
Surface Parking							
Starship Lot	99	97	98.0%	94	97	103.2%	(3)
13th & P Lot	43	42	97.7%	40	42	105.0%	(2)
Comp City Lot Totals	142	139	97.9%	134	139	103.7%	(5)
Surplus or (Deficit)							-3.7%
Comparable Totals	2,834	2,846	100.4%	2,689	2,846	105.8%	(157)
							-5.8%

Source: Parking Services Division and Walker Parking Consultants

Within the four most comparable municipal garages, there is a deficit of 152 spaces, or -5.9%.

The Starship and the 13th & P Lot exhibit a small deficit (5 spaces), which may indicate unmet demand. Thus, the entire parking space capacity will be included in the demand calculation for the proposed Block 38 parking structure.

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.

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

Table 13: Shared Parking Assumptions and Inputs for Block 38

Land Use	Quantity	Unadjusted Spaces	
		Weekday	Weekend
Convenience Retail	8,617 GLA	42	34
Employee		10	9
Family Restaurant	8,617 GLA	78	110
Employee		13	19
Residential Guest	55 units	8	8
Residential Reserved	1.0 Sp/Unit	55	55
Residential Shared, Rental	55 units	39	39
Subtotal Customer/Guest Spaces		128	152
Subtotal Employee/Resident Spaces		62	67
Subtotal Reserved Spaces		55	55
Total Parking Spaces		245	274

Table 14: Weekday Shared Parking Demand for Block 38

Land Use	Weekday					Demand	
	Unadj	Month Adj	Pk Hr Adj	Non Captive	Drive Ratio	December	
	Demand	December	12:00 PM	Daytime	Daytime	12:00 PM	
Convenience Retail	42	100%	90%	95%	100%	36	
Employee	10	100%	100%	100%	100%	10	
Family Restaurant	78	100%	100%	95%	100%	74	
Employee	13	100%	100%	100%	100%	13	
Residential Guest	8	100%	20%	100%	100%	2	
Residential Reserved	55	100%	100%	100%	100%	55	
Residential Shared, Rental	39	100%	65%	100%	100%	25	
Subtotal Customer/Guest Spaces		128				112	
Subtotal Employee/Shared Resident Spaces		62				48	
Subtotal Reserved Spaces		55				55	
Total Parking Spaces		245				215	
						% reduction	12%

Table 15: Weekend Shared Parking Demand for Block 38

Land Use	Weekend					Demand	
	Unadj	Month Adj	Pk Hr Adj	Non Captive	Drive Ratio	December	
	Demand	December	12:00 PM	Daytime	Daytime	12:00 PM	
Convenience Retail	34	100%	60%	95%	100%	19	
Employee	9	100%	100%	100%	100%	9	
Family Restaurant	110	100%	100%	95%	100%	105	
Employee	19	100%	100%	100%	100%	19	
Residential Guest	8	100%	20%	100%	100%	2	
Residential Reserved	55	100%	100%	100%	100%	55	
Residential Shared, Rental	39	100%	65%	100%	100%	25	
Subtotal Customer/Guest Spaces		152				126	
Subtotal Employee/Shared Resident Spaces		67				53	
Subtotal Reserved Spaces		55				55	
Total Parking Spaces		274				234	
						% reduction	15%

Source: Walker Parking Consultants

From the calculations above, it is determined that the Shared Parking Peak Commercial weekend demand is approximately 152 spaces, and the Shared Parking Peak Residential demand is approximately 82 spaces.

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

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 16: Block 38 Demand Projection and Sensitivity Analysis

Growth Trend Rate	0.0%	Year	1	2	3	4	5	6
Adj. Factor			1	1	1	1	1	1
			Construction	Stabilized Occ.				
Projected Area System Demand	Eff. Supply	2010	2011	2012	2013	2014	2015	2016
Center Park Garage	1,007	1,037	1,037	1,037	1,037	1,037	1,037	1,037
Market Place Garage	365	355	355	355	355	355	355	355
Que Place Garage	768	744	744	744	744	744	744	744
University Square Garage	415	571	571	571	571	571	571	571
Total System Comparables	2,555	2,707	2,707	2,707	2,707	2,707	2,707	2,707
Projected Area System Surplus/(Deficit)								
Center Park Garage			(30)	(30)	(30)	(30)	(30)	(30)
Market Place Garage			10	10	10	10	10	10
Que Place Garage			24	24	24	24	24	24
University Square Garage			(156)	(156)	(156)	(156)	(156)	(156)
Surplus or (Deficit)			(152)	(152)	(152)	(152)	(152)	(152)
Area System Deficit Impact on Urban 38			152	152	152	152	152	152
Shared Parking Peak Commercial			0	152	152	152	152	152
Shared Parking Peak Residential			0	82	82	82	82	82
Plus: NRC (National Research) 100 - 200 space need			0	100	100	100	100	100
Projected Peak Urban 38 Demand			152	486	486	486	486	486
Design Capacity Needed at Eff. Supply Ratio of:	0.95	160	512	512	512	512	512	512
Plus: Displaced Starship Lot Capacity	99	99	99	99	99	99	99	99
Plus: Displaced 13th & P Lot Capacity	43	43	43	43	43	43	43	43
Total Urban 38 Design Capacity Needed		302	654	654	654	654	654	654
Conceptual Design Capacity			630	630	630	630	630	630
Urban 38 Area Surplus or (Deficit) with area growth trend rate of:	0.0%		(24)	(24)	(24)	(24)	(24)	(24)
Sensitivity Analysis								
Urban 38 Area Surplus or (Deficit) with area growth trend rate of:	-2.0%/yr.		89	136	136	136	136	136
Urban 38 Area Surplus or (Deficit) with area growth trend rate of:	-1.0%/yr.		33	61	88	116	136	136
Urban 38 Area Surplus or (Deficit) with area growth trend rate of:	0%/yr.		(24)	(24)	(24)	(24)	(24)	(24)
Urban 38 Area Surplus or (Deficit) with area growth trend rate of:	+1.0%/yr.		(81)	(110)	(140)	(169)	(199)	(199)
Urban 38 Area Surplus or (Deficit) with area growth trend rate of:	+2.0%/yr.		(139)	(198)	(259)	(321)	(384)	(384)

Source: Walker Parking Consultants

Through this analysis, it appears that at stable peak demand (trend rate = 0% per year) for comparable area system parking demand, plus the peak shared parking demand of the project, including the replacement of the displaced Starship and 13th & P Lots, and including the NRC (National Research) 100 to 200 space needs, is adequately supported by the conceptual design of a 630-space parking structure. Sensitivity analysis indicates that modest area growth will produce area parking deficits.

PARKING OPERATOR

The City-owned parking system of parking lots and structures are operated by an outside parking operations 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.

NEW 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 more 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 17: Parking Rate Analysis

Category	2000	2001	2009/2010				2010 Avg.	Annual Trend Rate
	All Garages	All Garages	University Sq.	Que Place	Center Park	Market Place		
First Hour	\$0.75	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	3.3%
Additional Hours	\$0.60	\$0.75	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	6.7%
All Day Max.	\$4.95	\$5.50	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	2.1%
Regular Monthly	\$55.00	\$60.00	\$75.00	\$70.00	\$75.00	\$55.00	\$65.00	1.8%
Reserved Monthly	\$65.00	\$70.00	\$85.00		\$90.00		\$90.00	3.8%
Special Event								
Flat Rate	\$7.00	\$8.00	\$13.00	\$14.00	\$13.00	\$14.00	\$13.50	9.3%
Advance			\$12.00	\$13.00	\$12.00	\$13.00	\$12.50	7.9%

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.

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

The following observations are informative to market rent.

- The Que Place Garage is located two blocks to the west of the subject property.
- University Square is located immediately south of the subject property.
- Subject property market rent should not exceed that of University Square.

Based most significantly on the University Square and Que Place comparables, market rent is judged to be best represented as follows:

Table 18: Market Parking Rates

<u>Category</u>	<u>Urban 38</u>	<u>First Hour Free</u>
First Hour	\$1.00	\$0.00
Additional Hours	\$1.00	\$1.00
All Day Max.	\$6.00	\$9.00
Regular Monthly	\$70.00	\$70.00
Reserved Monthly	\$80.00	\$80.00
<u>Special Event</u>		
Flat Rate	\$13.00	\$13.00
Advance	\$12.00	\$12.00

Source: Walker Parking Consultants

Market parking rates are used to estimate gross parking revenue for the subject property. As the "First Hour Free" program was instituted in July 2010, there is insufficient data to evaluate this change. According to a previous parking study and rate analysis for the City of Lincoln, the impact of the program and the extension of hours and maximum rate are designed to be revenue neutral. Therefore, the previous 2010 transient rates are used for analysis of the subject property.

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

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 19: Reed Construction Data

Square Foot Costs by City	'09	'08	'07	'06	% chg.
	Parking Structure Above Grade				(Avg.)
Atlanta	45.55	37.36	35.85	33.48	9.0%
Baltimore	47.02	38.45	37.21	34.79	8.8%
Boston	58.58	48.54	46.28	43.29	8.8%
Chicago	58.02	47.83	45.43	41.83	9.7%
Cleveland	50.25	41.70	40.34	37.60	8.4%
Dallas	43.13	35.28	33.68	31.61	9.1%
Denver	47.98	39.24	38.14	35.88	8.4%
Detroit	52.12	43.33	42.11	40.18	7.4%
Houston	44.59	36.61	35.49	32.84	8.9%
Kansas City	51.56	42.70	41.34	38.76	8.3%
Los Angeles	54.69	45.16	42.91	40.00	9.2%
Miami	45.60	37.28	34.81	32.43	10.2%
Minneapolis	55.45	46.50	45.03	42.02	8.0%
New Orleans	44.89	36.36	34.73	32.36	9.7%
New York City	66.00	54.75	52.49	49.40	8.4%
Philadelphia	57.17	48.04	45.83	42.84	8.4%
Phoenix	44.95	37.15	35.81	32.81	9.3%
Pittsburgh	49.29	41.16	39.66	37.52	7.8%
Portland, Ore.	51.01	42.87	40.98	38.69	8.0%
St. Louis	51.96	43.12	41.66	38.31	8.9%
San Diego	53.08	43.95	41.82	38.95	9.1%
San Francisco	62.52	51.37	48.84	45.58	9.3%
Seattle	52.47	43.20	41.74	39.02	8.6%
Washington, D.C.	50.35	41.32	39.34	36.51	9.5%
Winston-Salem, N.C.	39.74	32.69	31.72	28.69	9.6%
Mean SF Cost	51.12	42.24	40.53	37.82	8.8%
Minimum SF Cost	39.74	32.69	31.72	28.69	7.4%
Maximum SF Cost	66.00	54.75	52.49	49.40	10.2%
Average Cost/Space of Denver, Kansas City and St. Louis					
	\$50.50	\$41.69	\$40.38	\$37.65	8.5%
Average Cost/Space @ X SF/space					
Gross SF/Space 330	\$16,665				
Gross SF/Space 380	\$19,190				

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

Note: Costs are for a basic parking structure, and do not include special site work, land, development,

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

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 8.8% average marginal increase from 2006 to 2009. 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 325 to 350 SF per space is judged to be represented by the average costs of Denver, Kansas City, and St. Louis at approximately \$50.50 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 will exceed the conceptual cost estimate as a generic design as the project is inherently inefficient, requiring an estimated 380± SF per space. Most of these inefficiencies are the result of the structural requirements of the retail and residential improvements. The divergence in design efficiency results in the following range of hard costs.

$$\text{Estimated 2010 Cost/SF} \times \text{Conceptual SF/space} = \text{Conceptual Cost/Space}$$

	SF/Space	x	SF Cost	=	Projection
Generic Parking Structure	330	x	\$50.50	=	\$16,665
Per Plans	380	x	\$50.50	=	\$19,190

This conceptual hard cost projections are 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 4.5% 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.

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

Table 20: Conceptual Parking Costs

	Generic	Per Plans
SF per Parking Space	330	380
Estimated Cost per SF (RS Means)	\$50.50	\$50.50
Conceptual Unit Costs		
Hard Cost per Space	\$16,665	\$19,190
Soft Costs as % of Hard Cost	15%	15%
Total Unit Cost per Space	\$19,165	\$22,069
Parking Design Capacity	630	630
Conceptual Improvement Costs	\$12,073,793	\$13,903,155
Land Cost	\$0	\$0
Conceptual Project Costs + Land	\$12,073,793	\$13,903,155
Financing Assumptions:		
Equity	15%	
		\$1,811,069
Debt	85%	
		\$10,262,724
Bond Cost	2%	
		\$205,254
Amount Financed		\$10,467,978
4.5% Interest		
20 Years		
Annual Debt Service (rounded)	\$805,000	\$927,000
Annual Debt Service per Space	\$1,278	\$1,471

Source: Walker Parking Consultants

This conceptual cost analysis tends to confirm the allocated parking portion of the Block 38 project as represented to Walker, and is presented as a reasonable and supportable projection of the probable project cost.

At the parking improvement cost allocation per the project plans, the conceptual hard and soft cost for the proposed parking improvements is estimated at \$13,900,000±. Assuming 15% equity contribution, 4.5% interest, 20 year term, and 2% cost of bond issuance, the financing payment for the remaining parking portion of the project is estimated at approximately \$927,000 per year.

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 21: 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 \$19,000 per space project cost (at 4.5%, 20 year amortization schedule) and \$500/space per year in operating expenses will cost the owner over \$158/space per month. This amount is the cost per month that must be charged for parking to break even.

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

Table 22: Median Break-Even Revenue per Space

Cost per Space	Annual Operating Cost per Space					
	\$300	\$350	\$400	\$500	\$600	\$700
\$12,000	\$102	\$106	\$110	\$119	\$127	\$135
\$13,000	\$108	\$112	\$117	\$125	\$133	\$142
\$14,000	\$115	\$119	\$123	\$131	\$140	\$148
\$15,000	\$121	\$125	\$129	\$138	\$146	\$154
\$16,000	\$128	\$132	\$136	\$144	\$153	\$161
\$17,000	\$134	\$138	\$142	\$151	\$159	\$167
\$18,000	\$140	\$144	\$149	\$157	\$165	\$174
\$19,000	\$147	\$151	\$155	\$163	\$172	\$180
\$20,000	\$153	\$157	\$161	\$170	\$178	\$186
\$25,000	\$185	\$189	\$193	\$202	\$210	\$218
\$30,000	\$217	\$221	\$226	\$234	\$242	\$251
\$35,000	\$249	\$253	\$258	\$266	\$274	\$283
\$40,000	\$281	\$285	\$290	\$298	\$306	\$315
Rate	4.5%					
Term	20					

Source: Walker Parking Consultants

Many operators charging parkers \$70 to \$80 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.

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

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.

Estimated Operating Revenues	Spaces	Turnover or Oversell	Peak Adj. Factor	Avg. Ticket	Days or Months
Transient Daily	108	1.50	67%	\$5.00	253
Outside Monthly	430	1.15	95%	\$70.00	12
Resident Monthly (Reserved)	55	1.00	95%	\$80.00	12
Resident Monthly (Non-Reserved)	27	1.00	95%	\$70.00	12
Retail Tenant Monthly	10	1.00	95%	\$70.00	12
Special Event	538	1.00	80%	\$13.00	7

Credit Card Processing Fees are estimated at 2.5% of the Potential Gross Revenue as a significant portion of parking revenue is 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	0.125	\$2,800	28.0%	\$800
Bookkeeper	\$10.70	2,080	0.125	\$2,800	28.0%	\$800
Event labor	\$10.70	42	4.0	\$1,800	0.0%	\$0
				\$20,600		\$6,000

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.

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

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 3.5% 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.

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

Table 23: Block 38 Operating Pro Forma

		Capacity		630 Spaces		Design/Construction		Stabilized Occ.		Year 1		Year 2		Year 3		Year 4		Year 5		
		2010 base		2011		2012		2013		2014		2015		2016						
Estimated Operating Revenues	Spaces	Turnover or Oversell	Peak Adj. Factor	Avg. Ticket	Days or Months	Trend Rate:	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Transient Daily	108	1.50	67%	\$5.00	253	\$137,000	\$139,740	\$142,535	\$145,385	\$148,293	\$151,259	\$154,284								
Outside Monthly	430	1.15	95%	\$70.00	12	\$395,000	\$402,900	\$410,958	\$419,177	\$427,561	\$436,112	\$444,834								
Resident Monthly (Reserved)	55	1.00	95%	\$80.00	12	\$50,000	\$51,000	\$52,020	\$53,060	\$54,122	\$55,204	\$56,308								
Resident Monthly (Non-Reserved)	27	1.00	95%	\$70.00	12	\$22,000	\$22,440	\$22,889	\$23,347	\$23,814	\$24,290	\$24,776								
Retail Tenant Monthly	10	1.00	95%	\$70.00	12	\$8,000	\$8,160	\$8,323	\$8,490	\$8,659	\$8,833	\$9,009								
Special Event	538	1.00	80%	\$13.00	7	\$39,000	\$39,780	\$40,576	\$41,387	\$42,215	\$43,059	\$43,920								
Potential Gross Revenue																				
Credit Card Processing Fees	2.5%							\$677,300	\$690,846	\$704,663	\$718,757	\$733,132								
Discounts, Coupons, Promotion	2.0%							(16,933)	(17,271)	(17,617)	(17,969)	(18,328)								
Total Potential Gross Income (PGI)								(13,546)	(13,817)	(14,093)	(14,375)	(14,663)								
Vacancy & Collection Loss	3.0%							646,822	659,758	672,953	686,413	700,141								
Effective Gross Income (EGI)								(19,405)	(19,793)	(20,189)	(20,592)	(21,004)								
								627,417	639,966	652,765	665,820	679,137								
Estimated Operating Expenses						Variable Expense Trend Rate:	Base	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Variable Expenses		Unit Cost																		
Salaries & Wages	See calc. below						\$20,600	\$21,321	\$22,067	\$22,840	\$23,639	\$24,466	\$25,323							
Benefits	See calc. below						\$6,000	\$6,210	\$6,427	\$6,652	\$6,885	\$7,126	\$7,376							
Security Service	\$150 per space						\$94,500	\$97,808	\$101,231	\$104,774	\$108,441	\$112,236	\$116,165							
Utilities	\$60 per space						\$37,800	\$39,123	\$40,492	\$41,910	\$43,376	\$44,895	\$46,466							
Supplies & Tickets	\$8 per space						\$5,040	\$5,216	\$5,399	\$5,588	\$5,784	\$5,986	\$6,195							
Repairs & Maintenance	\$35 per space						\$22,050	\$22,822	\$23,621	\$24,447	\$25,303	\$26,188	\$27,105							
Uniforms	2% of payroll						\$412	\$426	\$441	\$457	\$473	\$489	\$506							
Equipment Expense	\$10 per space						\$6,300	\$6,521	\$6,749	\$6,985	\$7,229	\$7,482	\$7,744							
Elevator Maintenance	\$11 per space						\$6,930	\$7,173	\$7,424	\$7,683	\$7,952	\$8,231	\$8,519							
Professional Services	\$5 per space						\$3,150	\$3,260	\$3,374	\$3,492	\$3,615	\$3,741	\$3,872							
Snow Removal/Sweeping	\$5 per space						\$3,150	\$3,260	\$3,374	\$3,492	\$3,615	\$3,741	\$3,872							
Miscellaneous	\$25 per space						\$15,750	\$16,301	\$16,872	\$17,462	\$18,073	\$18,706	\$19,361							
Total Variable Expenses								\$237,471	\$245,783	\$254,385	\$263,289	\$272,504								
Fixed Expenses						Fixed Expense Trend Rate:	Base	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
GarageKeepers & Gen Liability Ins.	\$15 per space						\$9,450	\$9,734	\$10,026	\$10,326	\$10,636	\$10,955	\$11,284							
Reserve for Replacements (Sinking Fund)	\$75 per space						\$47,250	\$47,250	\$47,250	\$47,250	\$47,250	\$47,250	\$47,250							
Management Fee (Republic)	\$1 per added space						\$630	\$630	\$630	\$630	\$630	\$630	\$630							
Total Fixed Expenses								\$57,906	\$58,206	\$58,516	\$58,835	\$59,164								
Total Operating Expenses								\$295,377	\$303,989	\$312,901	\$322,124	\$331,668								
Operating Expenses per Space								\$469	\$483	\$497	\$511	\$526								
Net Operating Income (NOI) before Debt Service								\$332,040	\$335,977	\$339,864	\$343,696	\$347,469								
NOI per Space								\$527	\$533	\$539	\$546	\$552								

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	0.125	\$2,800	28.0%	\$800
Bookkeeper	\$10.70	2,080	0.125	\$2,800	28.0%	\$800
Event labor	\$10.70	42	4.0	\$1,800	0.0%	\$0
				\$20,600		\$6,000

Source: Walker Parking Consultants

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

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. The current long term debt obligations of the parking system are summarized in the following table.

Table 24: Outstanding Parking System Debt

Long-Term Debt Obligations	Original Amount	Interest Rate	Date Callable	2008 Principal Outstanding	2009 Principal Outstanding	Est. 2010 Principal Outstanding
Parking Revenue and Refunding Bonds, Series 1999 A, due serially through 2009	\$6,815,000	4.00% to 5.00%	2009	\$1,110,000	\$0	\$0
Parking Revenue and Refunding Bonds, Series 1999A, due term 2014	\$6,695,000	5.375%	2009	\$6,695,000	\$6,695,000	\$6,695,000
Parking Revenue Bonds, Series 2001, due serially through 2017	\$4,360,000	3.75% to 5.00%	2011	\$2,725,000	\$2,475,000	\$2,475,000
Parking Revenue and Refunding Bonds, Series 2001, due term 2021	\$1,640,000	5.125%	2011	\$1,640,000	\$1,640,000	\$1,640,000

Source: City of Lincoln and BDK LLP (<http://www.lincoln.ne.gov/city/urban/parking/docs/report/index.htm>)

The cost of construction of the City's Block 38 Project parking structure and refunding of the existing 1999A bonds shown above will result in a new projected annual debt service of \$1.410 million. The remaining gross debt service for the Parking Revenue Bonds, Series 2001, as of 8/15/10 varies from year to year but averages approximately \$465,000 per year, so that on a combined basis, the gross debt service for the entire parking enterprise will equal approximately \$1.875 million through the final maturity in 2030.

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 1.5 is required as the debt is supported in part by outstanding system revenue.

HISTORICAL SYSTEM REVENUES AND EXPENSES

Audited historical income and expense statements were provided by the City of Lincoln. As the 2010 audit is not complete, unaudited data is considered in this analysis for continuity. A consolidated exhibit of the historic parking system income and expense data for 2010 and the previous four years is shown on the following page.

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

Table 25: Historical Parking System Income and Expense Data

Fiscal Year Ending August 31, _____	2010 (Unaudited)	2009 (Audited)	2008 (Audited)	2007 (Audited)	2006 (Audited)
Operating Revenues:					
Garage					
Lease		\$2,838,437	\$2,761,661	\$2,636,740	\$2,234,007
Transient		\$1,883,392	\$2,073,241	\$2,043,900	\$1,972,719
Football		\$357,749	\$302,432	\$324,831	\$225,066
Parking Meter		\$1,232,185	\$1,198,036	\$1,342,506	\$1,439,121
Parking Coupons		\$199,146	\$181,751	\$175,607	\$157,939
Parking Revenue		\$425,563	\$351,130	\$0	\$0
Special Events		\$85,166	\$53,858	\$0	\$0
Other		\$18,999	\$71,503	\$8,768	\$20,690
Total Operating Revenues	\$7,216,461	\$7,040,637	\$6,993,612	\$6,532,352	\$6,049,542
Operating Expenses:					
Personnel Services	\$168,752	\$108,520	\$111,757	\$106,505	\$105,910
Contractual Services	\$2,067,121	\$1,875,768	\$1,992,174	\$1,807,580	\$2,086,260
Operation and Maintenance	\$1,448,264	\$1,155,876	\$992,752	\$861,037	\$780,539
Depreciation	\$1,173,196	\$1,156,362	\$1,083,335	\$1,040,337	\$1,044,310
Total Operating Expenses	\$4,857,334	\$4,296,526	\$4,180,018	\$3,815,459	\$4,017,019
Operating Income:	\$2,359,127	\$2,744,111	\$2,813,594	\$2,716,893	\$2,032,523
Nonoperating Revenues (Expenses):					
Investment Income	\$148,677	\$466,573	\$561,528	\$253,241	\$107,393
Amortization of Deferred Charges	(\$44,162)	(\$41,869)	(\$40,107)	(\$36,384)	(\$34,954)
Interest Expense	(\$558,100)	(\$624,540)	(\$688,413)	(\$800,650)	(\$851,365)
Gain (Loss) on Disposal of Assets	\$0	(\$44,950)	\$0	\$0	\$0
Total Net Non-Operating Expenses	(\$453,585)	(\$244,786)	(\$166,992)	(\$583,793)	(\$778,926)
Excess of Revenues Over Expenses before					
Contributions and Transfers	\$1,905,542	\$2,499,325	\$2,646,602	\$2,133,100	\$1,253,597
Capital Contributions	\$0	\$0	\$59,335	\$949,005	\$0
Transfers Out to Other City Funds	(\$846,529)	(\$834,575)	(\$953,387)	(\$835,000)	(\$835,000)
Increase in Net Assets	\$1,059,013	\$1,664,750	\$1,752,550	\$2,247,105	\$418,597
Net Assets, Beginning of Year	\$35,454,305	\$33,789,555	\$32,037,005	\$29,789,900	\$29,371,303
Net Assets, End of Year	\$36,513,318	\$35,454,305	\$33,789,555	\$32,037,005	\$29,789,900
Revenue Available fro Debt (Op Income + Depr.)	\$3,532,323	\$3,900,473	\$3,896,929	\$3,757,230	\$3,076,833
Debt Service	\$1,993,519	\$1,984,394	\$1,998,056	\$1,998,056	\$1,998,056
Coverage Ratio	1.77	1.97	1.95	1.88	1.54

Source: City of Lincoln and BDK LLP (<http://www.lincoln.ne.gov/city/urban/parking/docs/report/index.htm>)

In examining the historic parking system income and expense data in the previous table, it is noted that Total Operating Expenses increased significantly from 2008 to 2010, and operating Income has declined over the same period. The largest driver of this change is the almost 50% increase in Operations and Maintenance from 2008 to 2010.

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

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 operator expenses that are reimbursed as contract services.

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.

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

BASE CASE SCENARIO

This scenario considers the impact of Block 38 Garage expenses without the consideration of income from the project. "As Is" 2010 operating revenue is reduced by the displacement of the 13th & P Lot and 14th & Q Lot due to redevelopment of the site for Block 38. "As Is" operating expenses are reduced by the displaced 2010 13th & P Lot and 14th & Q Lot expense. Increased enforcement expenses are added. Projected Block 38 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 revenue coverage..

Table 26: Parking System Income and Expense Projection – No Block 38 Garage Revenue

Fiscal Year Ending August 31, _____	2010 (Reconstructed)	2011 (Projected)	2012 (Projected)	2013 (Projected)	2014 (Projected)	2015 (Projected)
Operating Revenues: Revenue Trend Rate		0%	2%	2%	2%	2%
"As Is" Operating Revenue	\$7,216,461					
Less: 13th & P Lot 2010 Revenue	(\$63,518)					
Less: 14th & Q Lot 2010 Revenue	(\$143,912)					
Reconstructed "As Is" System Revenue	\$7,009,031	\$7,000,000	\$7,140,000	\$7,282,800	\$7,428,456	\$7,577,025
Projected Block 38 Effective Gross Income	\$0	\$0	\$0	\$0	\$0	0
Total Operating Revenue	\$7,009,031	\$7,000,000	\$7,140,000	\$7,282,800	\$7,428,456	\$7,577,025
Operating Expenses: Variable Expense Trend Rate:		3.5%	3.5%	3.5%	3.5%	3.5%
"As Is" System Operating Expenses	\$3,684,138					
Less: 13th & P Lot 2010 Operating Expenses	(\$55,657)					
Less: 14th & Q Lot 2010 Operating Expenses	(\$23,682)					
Reconstructed "As Is" System Operating Expenses	\$3,604,799	\$3,731,000	\$3,862,000	\$3,997,000	\$4,137,000	\$4,282,000
Plus: Increased Enforcement Expenses	\$0	\$190,000	\$197,000	\$204,000	\$211,000	\$218,000
Projected Block 38 Operating Expenses	\$0	\$0	\$295,377	\$303,989	\$312,901	\$322,124
"As Is" System Depreciation	\$1,173,196	\$1,173,000	\$1,173,000	\$1,173,000	\$1,173,000	\$1,173,000
Projected Block 38 Depreciation (45-yr, SL)	\$0	\$0	\$266,000	\$266,000	\$266,000	\$266,000
Total Operating Expenses	\$4,777,995	\$5,094,000	\$5,793,377	\$5,943,989	\$6,099,901	\$6,261,124
Operating Income:	\$2,231,036	\$1,906,000	\$1,346,623	\$1,338,811	\$1,328,555	\$1,315,901
Revenue Available for Debt (Op Income + Depr.)	\$3,404,232	\$3,079,000	\$2,785,623	\$2,777,811	\$2,767,555	\$2,754,901
New Debt Service	\$1,993,519	\$1,875,000	\$1,875,000	\$1,875,000	\$1,875,000	\$1,875,000
Debt Coverage Ratio	1.71	1.64	1.49	1.48	1.48	1.47
Debt Coverage Ratio Target		1.50	1.50	1.50	1.50	1.50
Revenue Needed (Op Income + Depr.)		\$2,812,500	\$2,812,500	\$2,812,500	\$2,812,500	\$2,812,500
DCR Revenue Surplus (Deficit)		\$266,500	(\$26,877)	(\$34,689)	(\$44,945)	(\$57,599)

Source: Walker Parking Consultants

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

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

BLOCK 38 REVENUE SCENARIO

This scenario considers the impact of Block 38 Garage income and expenses. Operating revenue is reduced by the displaced 2010 13th & P Lot and 14th & Q Lot revenue, and is increased by the projected Block 38 Effective Gross Income. Operating expenses are reduced by the displaced 2010 13th & P Lot and 14th & Q Lot expenses, and is increased by the projected Block 38 operating expenses. Increased enforcement expenses are added. Projected Block 38 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 revenue coverage..

Table 27: Parking System Income and Expense Projection – With Block 38 Garage Revenue

Fiscal Year Ending August 31, _____	2010 (Reconstructed)	2011 (Projected)	2012 (Projected)	2013 (Projected)	2014 (Projected)	2015 (Projected)
Operating Revenues: Revenue Trend Rate		0%	2%	2%	2%	2%
"As Is" Operating Revenue	\$7,216,461					
Less: 13th & P Lot 2010 Revenue	(\$63,518)					
Less: 14th & Q Lot 2010 Revenue	(\$143,912)					
Reconstructed "As Is" System Revenue	\$7,009,031	\$7,000,000	\$7,140,000	\$7,282,800	\$7,428,456	\$7,577,025
Projected Block 38 Effective Gross Income	\$0	\$0	\$627,417	\$639,966	\$652,765	\$665,820
Total Operating Revenue	\$7,009,031	\$7,000,000	\$7,767,417	\$7,922,766	\$8,081,221	\$8,242,845
Operating Expenses: Variable Expense Trend Rate:		3.5%	3.5%	3.5%	3.5%	3.5%
"As Is" System Operating Expenses	\$3,684,138					
Less: 13th & P Lot 2010 Operating Expenses	(\$55,657)					
Less: 14th & Q Lot 2010 Operating Expenses	(\$23,682)					
Reconstructed "As Is" System Operating Expenses	\$3,604,799	\$3,731,000	\$3,862,000	\$3,997,000	\$4,137,000	\$4,282,000
Plus: Increased Enforcement Expenses	\$0	\$190,000	\$197,000	\$204,000	\$211,000	\$218,000
Projected Block 38 Operating Expenses	\$0	\$0	\$295,377	\$303,989	\$312,901	\$322,124
"As Is" System Depreciation	\$1,173,196	\$1,173,000	\$1,173,000	\$1,173,000	\$1,173,000	\$1,173,000
Projected Block 38 Depreciation (45-yr, SL)	\$0	\$0	\$266,000	\$266,000	\$266,000	\$266,000
Total Operating Expenses	\$4,777,995	\$5,094,000	\$5,793,377	\$5,943,989	\$6,099,901	\$6,261,124
Operating Income:	\$2,231,036	\$1,906,000	\$1,974,040	\$1,978,777	\$1,981,320	\$1,981,721
Revenue Available for Debt (Op Income + Depr.)	\$3,404,232	\$3,079,000	\$3,413,040	\$3,417,777	\$3,420,320	\$3,420,721
New Debt Service	\$1,993,519	\$1,875,000	\$1,875,000	\$1,875,000	\$1,875,000	\$1,875,000
Debt Coverage Ratio	1.71	1.64	1.82	1.82	1.82	1.82
Debt Coverage Ratio Target		1.50	1.50	1.50	1.50	1.50
Revenue Needed (Op Income + Depr.)		\$2,812,500	\$2,812,500	\$2,812,500	\$2,812,500	\$2,812,500
DCR Revenue Surplus (Deficit)		\$266,500	\$600,540	\$605,277	\$607,820	\$608,221

Source: Walker Parking Consultants

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

BLOCK 38 PROJECT

MARKET AND FINANCIAL ANALYSIS



NOVEMBER 15, 2010

WALKER PROJECT #21-3626.00

SUPPLEMENTAL PLEDGE OF FUNDS

The City has reported that deficits in revenue will be supplemented by the pledge of the capital assets retained from year to year in the restricted Parking Lot and Parking Facilities Funds. As of the end of the fiscal year ending August 31, 2010, the balance of these funds stood at an estimated \$36,513,318.

Additionally, the City of Lincoln is prepared to pledge the assets and revenue of the restricted Street Construction Fund. The Street Construction Fund had a total 2009 fund balance of \$28,388,503, which is to be used in the construction and maintenance of streets and highways. The net decrease in fund balance during 2009 in the Street Construction Fund was \$(1,749,329), as is expected as the City spends down bond proceeds on current projects. The 2010 audited report is not yet available.

Cash on hand and current assets as of the end of FY 2010 of \$7,291,639; plus the combined assets held and income retained in these funds is judged to be more than sufficient to maintain more than adequate debt 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.

APPENDIX C

**CITY OF LINCOLN, NEBRASKA
LINCOLN PARKING SYSTEM
FINANCIAL STATEMENTS & SCHEDULES
Fiscal Years Ended August 31, 2009 and 2008**

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

Accountants' Report and Financial Statements

August 31, 2009 and 2008



City of Lincoln, Nebraska
Lincoln Parking System
August 31, 2009 and 2008

Contents

Independent Accountants' Report on Financial Statements and Supplementary Information	1
 Financial Statements	
Statements of Net Assets	3
Statements of Revenues, Expenses and Changes in Net Assets	4
Statements of Cash Flows.....	5
Notes to Financial Statements.....	7
 Supplementary Information	
Combining Schedules – Statements of Net Assets	19
Combining Schedules – Statements of Revenues, Expenses and Changes in Net Assets	21

**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 years ended August 31, 2009 and 2008, 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, 2009 and 2008, 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, 2009 and 2008, and its changes in financial position and 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 financial statements taken as a whole. 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.

/s/ **BKD, LLP**

February 24, 2010

City of Lincoln, Nebraska Lincoln Parking System

Statements of Net Assets August 31, 2009 and 2008

	2009	2008
Assets		
Current Assets		
Cash and cash equivalents	\$ 124,407	\$ 95,932
Equity in pooled cash and investments, including cash and cash equivalents of \$1,937,259 for 2009 and \$1,582,277 for 2008	6,974,294	6,682,998
Cash and cash equivalents - restricted	225,261	146,634
Accounts receivable	18,019	9,184
Accrued interest receivable	47,647	53,877
Due from other City funds	419,291	453,513
Due from other governments	-	43,000
Prepaid expenses	39,781	33,258
Total current assets	7,848,700	7,518,396
Noncurrent Assets		
Restricted assets		
Cash and cash equivalents	48,483	22,150
Equity in pooled cash and investments, including cash and cash equivalents of \$195,210 for 2009 and \$154,542 for 2008	663,351	653,541
Investments	1,857,213	1,844,137
Accrued interest receivable	35,221	36,596
Due from other City funds	38,974	44,362
Total restricted assets	2,643,242	2,600,786
Capital assets, net	36,413,707	36,879,895
Deferred charges	303,781	345,650
Total assets	47,209,430	47,344,727
Liabilities		
Current Liabilities		
Accounts payable	238,896	426,263
Accrued liabilities	3,322	2,454
Accrued compensated absences	3,015	4,598
Due to other City funds	294	243,748
Unearned revenue	676,336	682,103
Accrued interest payable	23,262	26,006
Current portion of long-term debt	1,435,000	1,360,000
Total current liabilities	2,380,125	2,745,172
Long-term Debt, Net	9,375,000	10,810,000
Total liabilities	11,755,125	13,555,172
Net Assets		
Invested in capital assets, net of related debt	27,425,099	26,531,287
Restricted for debt service	318,425	198,621
Restricted for capital projects	705,423	701,402
Unrestricted	7,005,358	6,358,245
Total net assets	\$ 35,454,305	\$ 33,789,555

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

**Statements of Revenues, Expenses and Changes in Net Assets
Years Ended August 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
Operating Revenues		
Garage		
Lease	\$ 2,838,437	\$ 2,761,661
Transient	1,883,392	2,073,241
Football	357,749	302,432
Parking meter	1,232,185	1,198,036
Parking coupons	199,146	181,751
Parking revenue	425,563	351,130
Special events	85,166	53,858
Other	18,999	71,503
	<u>7,040,637</u>	<u>6,993,612</u>
Operating Expenses		
Personnel services	108,520	111,757
Contractual services	1,875,768	1,992,174
Operation and maintenance	1,155,876	992,752
Depreciation	1,156,362	1,083,335
	<u>4,296,526</u>	<u>4,180,018</u>
Operating income	<u>2,744,111</u>	<u>2,813,594</u>
Nonoperating Revenues (Expenses)		
Investment income	466,573	561,528
Amortization of deferred charges	(41,869)	(40,107)
Interest expense	(624,540)	(688,413)
Loss on disposal of assets	(44,950)	-
	<u>(244,786)</u>	<u>(166,992)</u>
Excess of Revenues Over Expenses Before Contributions and Transfers	2,499,325	2,646,602
Capital Contributions	-	59,335
Transfers Out to Other City Funds	<u>(834,575)</u>	<u>(953,387)</u>
Increase in Net Assets	1,664,750	1,752,550
Net Assets, Beginning of Year	<u>33,789,555</u>	<u>32,037,005</u>
Net Assets, End of Year	<u>\$ 35,454,305</u>	<u>\$ 33,789,555</u>

City of Lincoln, Nebraska
Lincoln Parking System
Statements of Cash Flows
Years Ended August 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating Activities		
Receipts from customers and users	\$ 7,035,338	\$ 6,917,202
Payments to suppliers for goods and services	(2,637,305)	(2,442,276)
Payments to employees	(109,235)	(109,511)
Payments for interfund services, net	(426,031)	(378,884)
Other receipts	<u>6,102</u>	<u>62,747</u>
Net cash provided by operating activities	<u>3,868,869</u>	<u>4,049,278</u>
Noncapital Financing Activities		
Payment from (advances to) other funds	39,610	(96,399)
Transfers to other funds	(1,076,333)	(953,387)
Transfers from other funds	<u>425</u>	<u>241,333</u>
Net cash used in noncapital financing activities	<u>(1,036,298)</u>	<u>(808,453)</u>
Capital and Related Financing Activities		
Purchase of capital assets	(871,769)	(850,055)
Principal payments of capital leases	-	(17,321)
Principal payments of long-term debt	(1,360,000)	(1,305,000)
Interest paid on long-term debt	<u>(627,284)</u>	<u>(691,029)</u>
Net cash used in capital and related financing activities	<u>(2,859,053)</u>	<u>(2,863,405)</u>
Investing Activities		
Purchases of investments	(1,438,037)	(2,659,440)
Proceeds from sale and maturities of investments	1,609,555	2,221,338
Interest and other receipts	<u>384,049</u>	<u>449,285</u>
Net cash provided by investing activities	<u>555,567</u>	<u>11,183</u>
Increase in Cash and Cash Equivalents	529,085	388,603
Cash and Cash Equivalents, Beginning of Year	<u>2,001,535</u>	<u>1,612,932</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,530,620</u>	<u>\$ 2,001,535</u>
Reconciliation of Cash and Cash Equivalents to the Statements of Net Assets		
Cash and cash equivalents	\$ 124,407	\$ 95,932
Equity in pooled cash and investments	1,937,259	1,582,277
Cash and cash equivalents - restricted - current	225,261	146,634
Cash and cash equivalents - restricted - noncurrent	48,483	22,150
Equity in pooled cash and investments - restricted	<u>195,210</u>	<u>154,542</u>
	<u>\$ 2,530,620</u>	<u>\$ 2,001,535</u>

City of Lincoln, Nebraska
Lincoln Parking System
Statements of Cash Flows - Continued
Years Ended August 31, 2009 and 2008

	2009	2008
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 2,744,111	\$ 2,813,594
Depreciation	1,156,362	1,083,335
Changes in operating assets and liabilities		
Accounts receivable	(8,756)	2,045
Due to other City funds	(2,121)	(151)
Due to other governments	43,000	(43,000)
Prepaid expenses	(6,523)	(33,258)
Accounts payable	(50,722)	160,426
Accrued liabilities	868	224
Accrued compensated absences	(1,583)	2,022
Unearned revenues	(5,767)	64,041
	\$ 3,868,869	\$ 4,049,278
Net Cash Provided by Operating Activities		
	\$ 3,868,869	\$ 4,049,278
Supplemental Cash Flows Information		
Contribution of capital assets	\$ -	\$ 59,335
Payables incurred for acquisition of capital assets	\$ -	\$ 136,645
Change in fair value of investments	\$ 90,050	\$ 124,515

City of Lincoln, Nebraska
Lincoln Parking System
Notes to Financial Statements
August 31, 2009 and 2008

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, 2009 and 2008, 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, 2009 and 2008

Note 1: Summary of Significant Accounting Policies - Continued

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, 2009 and 2008.

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.

City of Lincoln, Nebraska
Lincoln Parking System
Notes to Financial Statements
August 31, 2009 and 2008

Note 1: Summary of Significant Accounting Policies - Continued

Capital Assets - Continued

Estimated Useful Lives

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

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-fourth or up to one-half of accumulated sick leave. In some cases payment may be placed directly in a medical spending account rather than reimbursing the employee directly.

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 probably 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.

City of Lincoln, Nebraska
Lincoln Parking System
Notes to Financial Statements
August 31, 2009 and 2008

Note 1: Summary of Significant Accounting Policies - Continued

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."

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.

City of Lincoln, Nebraska
Lincoln Parking System
Notes to Financial Statements
August 31, 2009 and 2008

Note 2: Deposits, Investments and Investment Return

Deposits

State statutes require banks either to give 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. One or more of the financial institutions holding the City's cash accounts are participating in the Federal Deposit Insurance Corporation's (FDIC) Transaction Account Guarantee Program. Under the program, through June 30, 2010, all noninterest-bearing transaction accounts at these institutions are fully guaranteed by the FDIC for the entire amount in the account. For interest-bearing cash accounts, the City's cash deposits, including certificates of deposit, are insured up to \$250,000 by the FDIC. 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 credit risk exists. No legal opinion has been obtained regarding the enforceability of any of the collateral arrangements.

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, 2009 and 2008, the System had the following investments, maturities and credit ratings:

Type	August 31, 2009			Credit Ratings Moody's/S&P
	Fair Value	Maturities in Years		
		Less than 1	1-5	
Money market mutual funds	\$ 111,804	\$ 111,804	\$ -	N/A
U.S. agency obligations	1,857,213	1,362,425	494,788	Aaa/AAA
	<u>\$ 1,969,017</u>	<u>\$ 1,474,229</u>	<u>\$ 494,788</u>	
Type	August 31, 2008			Credit Ratings Moody's/S&P
	Fair Value	Maturities in Years		
		Less than 1	1-5	
Money market mutual funds	\$ 168,784	\$ 168,784	\$ -	N/A
U.S. agency obligations	1,844,137	-	1,844,137	Aaa/AAA
	<u>\$ 2,012,921</u>	<u>\$ 168,784</u>	<u>\$ 1,844,137</u>	

City of Lincoln, Nebraska
Lincoln Parking System
Notes to Financial Statements
August 31, 2009 and 2008

Note 2: Deposits and Investments - Continued

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.

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, 2009 and 2008, the System's investments in Federal Home Loan Bank of \$1,857,213 and \$1,844,137 constituted 19% and 20% of its total investments, respectively.

City of Lincoln, Nebraska
Lincoln Parking System
Notes to Financial Statements
August 31, 2009 and 2008

Note 2: Deposits and Investments - Continued

Summary of Carrying Values

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

	<u>2009</u>	<u>2008</u>
Carrying value		
Deposits	\$ 124,407	\$ 95,932
Investments	1,969,017	2,012,921
Equity in pooled cash and investments	<u>7,637,645</u>	<u>7,336,539</u>
	<u>\$ 9,667,748</u>	<u>\$ 9,298,758</u>
 Included in the following statements of net assets captions		
Cash and cash equivalents	\$ 124,407	\$ 95,932
Equity in pooled cash and investments	6,974,294	6,682,998
Cash and cash equivalents - restricted - current	225,261	146,634
Cash and cash equivalents - restricted - noncurrent	48,483	22,150
Equity in pooled cash and investments - restricted	663,351	653,541
Investments - restricted	<u>1,857,213</u>	<u>1,844,137</u>
	<u>\$ 9,893,009</u>	<u>\$ 9,445,392</u>

City of Lincoln, Nebraska
Lincoln Parking System
Notes to Financial Statements
August 31, 2009 and 2008

Note 3: Capital Assets

Capital asset activity for the year ended August 31, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated					
Land	\$ 7,663,427	\$ 352,110	\$ -	\$ -	\$ 8,015,537
Construction in progress	430,901	208,782	-	(639,683)	-
Total capital assets, not being depreciated	<u>8,094,328</u>	<u>560,892</u>	<u>-</u>	<u>(639,683)</u>	<u>8,015,537</u>
Capital assets, being depreciated:					
Parking facilities	41,103,548	41,229	-	639,683	41,784,460
Improvements	513,576	-	-	-	513,576
Machinery and equipment	1,680,526	133,003	(106,016)	-	1,707,513
Total capital assets, being depreciated	<u>43,297,650</u>	<u>174,232</u>	<u>(106,016)</u>	<u>639,683</u>	<u>44,005,549</u>
Less accumulated depreciation for					
Parking facilities	13,477,790	958,817	-	-	14,436,607
Improvements	389,691	33,724	-	-	423,415
Machinery and equipment	644,602	163,821	(61,066)	-	747,357
Total accumulated depreciation	<u>14,512,083</u>	<u>1,156,362</u>	<u>(61,066)</u>	<u>-</u>	<u>15,607,379</u>
Total capital assets, being depreciated, net	<u>28,785,567</u>	<u>(982,130)</u>	<u>(44,950)</u>	<u>-</u>	<u>28,398,170</u>
Capital assets, net	<u>\$ 36,879,895</u>	<u>\$ (421,238)</u>	<u>\$ (44,950)</u>	<u>\$ -</u>	<u>\$ 36,413,707</u>

City of Lincoln, Nebraska
Lincoln Parking System
Notes to Financial Statements
August 31, 2009 and 2008

Note 3: Capital Assets - Continued

Capital asset activity for the year ended August 31, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated					
Land	\$ 7,604,092	\$ 59,335	\$ -	\$ -	\$ 7,663,427
Construction in progress	12,227	418,674	-	-	430,901
Total capital assets, not being depreciated	<u>7,616,319</u>	<u>478,009</u>	<u>-</u>	<u>-</u>	<u>8,094,328</u>
Capital assets, being depreciated:					
Parking facilities	40,940,285	163,263	-	-	41,103,548
Improvements	513,576	-	-	-	513,576
Machinery and equipment	1,287,990	392,536	-	-	1,680,526
Total capital assets, being depreciated	<u>42,741,851</u>	<u>555,799</u>	<u>-</u>	<u>-</u>	<u>43,297,650</u>
Less accumulated depreciation for					
Parking facilities	12,558,421	919,369	-	-	13,477,790
Improvements	355,968	33,723	-	-	389,691
Machinery and equipment	514,359	130,243	-	-	644,602
Total accumulated depreciation	<u>13,428,748</u>	<u>1,083,335</u>	<u>-</u>	<u>-</u>	<u>14,512,083</u>
Total capital assets, being depreciated, net	<u>29,313,103</u>	<u>(527,536)</u>	<u>-</u>	<u>-</u>	<u>28,785,567</u>
Capital assets, net	<u>\$ 36,929,422</u>	<u>\$ (49,527)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,879,895</u>

City of Lincoln, Nebraska
Lincoln Parking System
Notes to Financial Statements
August 31, 2009 and 2008

Note 4: Long-term Debt Obligations

Long-term liability activity for the years ended August 31, 2009 and 2008 was as follows:

2009	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds					
Revenue bonds payable	\$ 12,170,000	\$ -	\$ 1,360,000	\$ 10,810,000	\$ 1,435,000
Total long-term liabilities	<u>\$ 12,170,000</u>	<u>\$ -</u>	<u>\$ 1,360,000</u>	<u>\$ 10,810,000</u>	<u>\$ 1,435,000</u>
2008					
Bonds and capital leases					
Revenue bonds payable	\$ 13,475,000	\$ -	\$ 1,305,000	\$ 12,170,000	\$ 1,360,000
Capital lease obligations	17,321	-	17,321	-	-
Total long-term liabilities	<u>\$ 13,492,321</u>	<u>\$ -</u>	<u>\$ 1,322,321</u>	<u>\$ 12,170,000</u>	<u>\$ 1,360,000</u>

Revenue bonds payable is comprised of the following individual issues:

	Original Amount	Interest Rate	Date Callable	Principal Amount Outstanding	Principal Amount Outstanding
Parking Revenue and Refunding Bonds, Series 1999A, due serially through 2009	\$ 6,815,000	4.00% to 5.00%	2009	\$ -	\$ 1,110,000
Parking Revenue and Refunding Bonds, Series 1999A, due term 2014	6,695,000	5.375%	2009	6,695,000	6,695,000
Parking Revenue Bonds, Series 2001, due serially through 2017	4,360,000	3.75% to 5.00%	2011	2,475,000	2,725,000
Parking Revenue Bonds, Series 2001, due term 2021	1,640,000	5.125%	2011	1,640,000	1,640,000
				<u>\$10,810,000</u>	<u>\$12,170,000</u>

City of Lincoln, Nebraska
Lincoln Parking System
Notes to Financial Statements
August 31, 2009 and 2008

Note 4: Long-term Debt Obligations - Continued

The debt service requirements as of August 31, 2009 are as follows:

Year Ending August 31,	Principal	Interest	Total
2010	\$ 1,435,000	\$ 558,519	\$ 1,993,519
2011	1,510,000	484,369	1,994,369
2012	1,590,000	406,025	1,996,025
2013	1,675,000	323,056	1,998,056
2014	1,925,000	235,650	2,160,650
2015-2019	1,815,000	504,088	2,319,088
2020-2021	860,000	66,625	926,625
	<u>\$ 10,810,000</u>	<u>\$ 2,578,332</u>	<u>\$ 13,388,332</u>

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 \$500,000 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, 2009 and 2008. The System incurred insurance expense of approximately \$60,000 and \$56,000 in 2009 and 2008, respectively.

City of Lincoln, Nebraska
Lincoln Parking System
Notes to Financial Statements
August 31, 2009 and 2008

Note 6: Pension Plan

Employees are eligible after six months service and age 19 to be covered under the City's Money Purchase Pension Plan, established by City Ordinance and administered by an insurance company. Enrollment in the program is mandatory at age 40 with five years service. The plan is a defined contribution plan requiring employees to contribute 3% of earnings on the first \$4,800 and 6% on the balance of earnings. The City contributes 200% of the employee's contribution. Vesting occurs in increments between three and seven years.

Note 7: 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 \$127,000 and \$102,000 for the years ended August 31, 2009 and 2008, 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 \$458,265 and \$497,875, as of August 31, 2009 and 2008, respectively. These amounts are included in Due from Other City Funds on the statements of net assets.

As of August 31, 2008, the System owed the City of Lincoln, Nebraska Solid Waste Management Fund \$241,333. This amount is included in Due to Other City Funds on the 2008 statement of net assets and was paid in full in 2009.

Supplementary Information

City of Lincoln, Nebraska
Lincoln Parking System
Combining Schedule - Statement of Net Assets
August 31, 2009

Assets	Parking Lot Revolving Fund	Parking Facilities Fund	Total
Current Assets			
Cash and cash equivalents	\$ 10,690	\$ 113,717	\$ 124,407
Equity in pooled cash and investments	1,458,106	5,516,188	6,974,294
Cash and cash equivalents - restricted	-	225,261	225,261
Accounts receivable	-	18,019	18,019
Accrued interest receivable	8,804	38,843	47,647
Due from other City funds	85,735	333,556	419,291
Prepaid expenses	39,781	-	39,781
Total current assets	<u>1,603,116</u>	<u>6,245,584</u>	<u>7,848,700</u>
Noncurrent Assets			
Restricted assets			
Cash and cash equivalents	-	48,483	48,483
Equity in pooled cash and investments	-	663,351	663,351
Investments	-	1,857,213	1,857,213
Accrued interest receivable	-	35,221	35,221
Due from other City funds	-	38,974	38,974
Total restricted assets	<u>-</u>	<u>2,643,242</u>	<u>2,643,242</u>
Capital assets, net	<u>481,932</u>	<u>35,931,775</u>	<u>36,413,707</u>
Deferred charges	<u>-</u>	<u>303,781</u>	<u>303,781</u>
Total assets	<u>2,085,048</u>	<u>45,124,382</u>	<u>47,209,430</u>
Liabilities			
Current Liabilities			
Accounts payable	12,747	226,149	238,896
Accrued liabilities	-	3,322	3,322
Accrued compensated absences	-	3,015	3,015
Due to other City funds	-	294	294
Unearned revenue	12,310	664,026	676,336
Accrued interest payable	-	23,262	23,262
Current portion of long-term debt	-	1,435,000	1,435,000
Total current liabilities	<u>25,057</u>	<u>2,355,068</u>	<u>2,380,125</u>
Long-term Debt, Net	<u>-</u>	<u>9,375,000</u>	<u>9,375,000</u>
Total liabilities	<u>25,057</u>	<u>11,730,068</u>	<u>11,755,125</u>
Net Assets			
Invested in capital assets, net of related debt	481,932	26,943,167	27,425,099
Restricted for debt service	-	318,425	318,425
Restricted for capital projects	-	705,423	705,423
Unrestricted	<u>1,578,059</u>	<u>5,427,299</u>	<u>7,005,358</u>
Total net assets	<u>\$ 2,059,991</u>	<u>\$ 33,394,314</u>	<u>\$ 35,454,305</u>

City of Lincoln, Nebraska
Lincoln Parking System
Combining Schedule - Statement of Net Assets
August 31, 2008

Assets	Parking Lot Revolving Fund	Parking Facilities Fund	Total
Current Assets			
Cash and cash equivalents	\$ 12,411	\$ 83,521	\$ 95,932
Equity in pooled cash and investments	1,224,314	5,458,684	6,682,998
Cash and cash equivalents - restricted	-	146,634	146,634
Accounts receivable	-	9,184	9,184
Accrued interest receivable	9,298	44,579	53,877
Due from other City funds	83,056	370,457	453,513
Due from other governments	-	43,000	43,000
Prepaid expenses	33,258	-	33,258
Total current assets	<u>1,362,337</u>	<u>6,156,059</u>	<u>7,518,396</u>
Noncurrent Assets			
Restricted assets			
Cash and cash equivalents	-	22,150	22,150
Equity in pooled cash and investments	-	653,541	653,541
Investments	-	1,844,137	1,844,137
Accrued interest receivable	-	36,596	36,596
Due from other City funds	-	44,362	44,362
Total restricted assets	<u>-</u>	<u>2,600,786</u>	<u>2,600,786</u>
Capital assets, net	<u>513,988</u>	<u>36,365,907</u>	<u>36,879,895</u>
Deferred charges	<u>-</u>	<u>345,650</u>	<u>345,650</u>
Total assets	<u>1,876,325</u>	<u>45,468,402</u>	<u>47,344,727</u>
Liabilities			
Current Liabilities			
Accounts payable	5,967	420,296	426,263
Accrued liabilities	-	2,454	2,454
Accrued compensated absences	-	4,598	4,598
Due to other City funds	-	243,748	243,748
Unearned revenue	5,875	676,228	682,103
Accrued interest payable	-	26,006	26,006
Current portion of long-term debt	-	1,360,000	1,360,000
Total current liabilities	<u>11,842</u>	<u>2,733,330</u>	<u>2,745,172</u>
Long-term Debt, Net	<u>-</u>	<u>10,810,000</u>	<u>10,810,000</u>
Total liabilities	<u>11,842</u>	<u>13,543,330</u>	<u>13,555,172</u>
Net Assets			
Invested in capital assets, net of related debt	513,988	26,017,299	26,531,287
Restricted for debt service	-	198,621	198,621
Restricted for capital projects	-	701,402	701,402
Unrestricted	<u>1,350,495</u>	<u>5,007,750</u>	<u>6,358,245</u>
Total net assets	<u>\$ 1,864,483</u>	<u>\$ 31,925,072</u>	<u>\$ 33,789,555</u>

City of Lincoln, Nebraska
Lincoln Parking System
Combining Schedule - Statement of Revenues,
Expenses and Changes in Net Assets
Year Ended August 31, 2009

	Parking Lot Revolving	Parking Facilities	Total
Operating Revenues			
Garage			
Lease	\$ -	\$ 2,838,437	\$ 2,838,437
Transient	-	1,883,392	1,883,392
Football	-	357,749	357,749
Parking meter	-	1,232,185	1,232,185
Parking coupons	-	199,146	199,146
Parking revenue	425,563	-	425,563
Special events	-	85,166	85,166
Other	359	18,640	18,999
	<u>425,922</u>	<u>6,614,715</u>	<u>7,040,637</u>
Total operating revenues			
Operating Expenses			
Personnel services	-	108,520	108,520
Contractual services	72,974	1,802,794	1,875,768
Operation and maintenance	192,422	963,454	1,155,876
Depreciation	32,056	1,124,306	1,156,362
	<u>297,452</u>	<u>3,999,074</u>	<u>4,296,526</u>
Total operating expenses			
Operating income	<u>128,470</u>	<u>2,615,641</u>	<u>2,744,111</u>
Nonoperating Revenues (Expenses)			
Investment income	67,038	399,535	466,573
Amortization of deferred charges	-	(41,869)	(41,869)
Interest expense	-	(624,540)	(624,540)
Loss on disposal of assets	-	(44,950)	(44,950)
	<u>67,038</u>	<u>(311,824)</u>	<u>(244,786)</u>
Total net nonoperating revenues (expenses)			
Excess of Revenues Over Expenses Before Contributions and Transfers			
	195,508	2,303,817	2,499,325
Transfers Out to Other City Funds			
	<u>-</u>	<u>(834,575)</u>	<u>(834,575)</u>
Increase in Net Assets	<u>195,508</u>	<u>1,469,242</u>	<u>1,664,750</u>
Net Assets, Beginning of Year	<u>1,864,483</u>	<u>31,925,072</u>	<u>33,789,555</u>
Net Assets, End of Year	<u>\$ 2,059,991</u>	<u>\$ 33,394,314</u>	<u>\$ 35,454,305</u>

City of Lincoln, Nebraska
Lincoln Parking System
Combining Schedule - Statement of Revenues,
Expenses and Changes in Net Assets
Year Ended August 31, 2008

	Parking Lot Revolving	Parking Facilities	Total
Operating Revenues			
Garage			
Lease	\$ -	\$ 2,761,661	\$ 2,761,661
Transient	-	2,073,241	2,073,241
Football	-	302,432	302,432
Parking Meter	-	1,198,036	1,198,036
Parking coupons	-	181,751	181,751
Parking facility revenue	351,130	-	351,130
Special events	-	53,858	53,858
Other	22	71,481	71,503
	<u>351,152</u>	<u>6,642,460</u>	<u>6,993,612</u>
Total operating revenues			
	<u>351,152</u>	<u>6,642,460</u>	<u>6,993,612</u>
Operating Expenses			
Personal services	-	111,757	111,757
Contractual services	42,275	1,949,899	1,992,174
Operation and maintenance	141,897	850,855	992,752
Depreciation	28,326	1,055,009	1,083,335
	<u>212,498</u>	<u>3,967,520</u>	<u>4,180,018</u>
Total operating expenses			
	<u>212,498</u>	<u>3,967,520</u>	<u>4,180,018</u>
Operating income			
	<u>138,654</u>	<u>2,674,940</u>	<u>2,813,594</u>
Nonoperating Revenue (Expense)			
Investment earnings	69,279	492,249	561,528
Amortization of deferred charges	-	(40,107)	(40,107)
Interest expense	(545)	(687,868)	(688,413)
	<u>68,734</u>	<u>(235,726)</u>	<u>(166,992)</u>
Total net nonoperating revenues (expenses)			
	<u>68,734</u>	<u>(235,726)</u>	<u>(166,992)</u>
Excess of Revenues Over Expenses Before			
Contributions and Transfers	207,388	2,439,214	2,646,602
Capital Contributions	-	59,335	59,335
Transfers Out to Other City Funds	<u>(118,387)</u>	<u>(835,000)</u>	<u>(953,387)</u>
Increase in Net Assets			
	<u>89,001</u>	<u>1,663,549</u>	<u>1,752,550</u>
Net Assets, Beginning of Year			
	<u>1,775,482</u>	<u>30,261,523</u>	<u>32,037,005</u>
Net Assets, End of Year			
	<u>\$ 1,864,483</u>	<u>\$ 31,925,072</u>	<u>\$ 33,789,555</u>

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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 amounts, if any, received by the City pursuant to Section 66-4,148, R.R.S.1996, as amended, if and to the extent from time to time unencumbered and available to pay debt service in respect of the Bonds. On and after the date upon which all of the Bonds Outstanding on the date of issuance of the Series 2010 Bonds are no longer Outstanding, “Available Street Funds” means all undesignated amounts on the 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 2001 Bonds, the Series 2010 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) The first maturity of Additional Bonds shall be no later than two years after their date of issuance and the last maturity shall not be earlier than the final maturity of all Bonds then Outstanding;

(3) Additional Bonds shall not be redeemed prior to their stated maturity unless all other series of Bonds then Outstanding are redeemed in proportion; and

(4) 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.

On and after the date upon which all of the Bonds Outstanding on the date of issuance of the Series 2010 Bonds are no longer Outstanding, the City may issue Additional Bonds on a parity with the Series 2010 Bonds and any Refunding Bonds for the purpose of expanding any of the Facilities or for the acquisition or construction of any other Project upon satisfaction of the conditions set forth in (1) and (4) above.

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

General. The Series 2011 Bonds are available in book-entry only form. Purchasers of the Series 2011 Bonds will not receive certificates representing their interests in the Series 2011 Bonds. Ownership interests in the Series 2011 Bonds will be available to purchasers only through a book-entry system (the “**Book-Entry System**”) maintained by The Depository Trust Company (“**DTC**”), New York, New York.

The following information concerning DTC and DTC’s book-entry system has been obtained from DTC. The City takes no responsibility as to the accuracy or completeness thereof and neither the Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters, but should instead confirm the same with DTC or the Direct Participants, as the case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

DTC will act as securities depository for the Series 2011 Bonds. The Series 2011 Bonds will be issued as fully-registered securities 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 Bond certificate will be issued for the Series 2011 Bonds and will be deposited with DTC.

DTC and its Participants. 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 Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, 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. securities 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 Standard & Poor’s highest rating: AAA. 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 Ownership Interests. Purchases of Series 2011 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2011 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 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 2011 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 Securities, except in the event that use of the book-entry system for the Series 2011 Bonds is discontinued.

Transfers. To facilitate subsequent transfers, all 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 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 2011 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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.

Notices. 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2011 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Series 2011 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 2011 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.

Voting. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of Principal, Redemption Price and Interest. Redemption proceeds, distributions, and dividend payments on the Series 2011 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 Registrar, 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 securities 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, the Registrar or 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 Registrar, 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.

Discontinuation of Book-Entry System. DTC may discontinue providing its services as depository with respect to the Series 2011 Bonds at any time by giving reasonable notice to the City or the Registrar. 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 transfer through DTC (or a successor securities depository). In that event, Bond certificates will 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, 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), and delivered to DTC (or a successor securities depository), to be held by it as securities depository for Direct Participants. If, however, the system of book-entry-only transfers has been discontinued and a Direct Participant has elected to withdraw its Bonds from DTC (or such successor securities depository), Bond certificates may be delivered to Beneficial Owners in the manner described in the Ordinance.

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APPENDIX F

FORM OF BOND COUNSEL OPINION

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FORM OF OPINION OF BOND COUNSEL

January ___, 2011

Mayor and City Council
Lincoln, Nebraska

[Underwriter Name, Address]

Re: \$18,520,000 City of Lincoln, Nebraska Parking Revenue and Refunding Bonds, Series 2011

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 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. 19474 passed by the Council on November 22, 2010 and approved by the Mayor on November 29, 2010 (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 water system, 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 of a Bond) is excludable from gross income for federal and State income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is not taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in this paragraph is subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds in order to preserve the exclusion of the interest on the Bonds from gross income for federal and State income tax purposes. The City 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 State 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,