

MINUTES
LANCASTER COUNTY BOARD OF COMMISSIONERS
COUNTY-CITY BUILDING, ROOM 112
TUESDAY, FEBRUARY 6, 2018
9:00 A.M.

Advance public notice of the Board of Commissioners meeting was posted on the County-City Building bulletin board and the Lancaster County, Nebraska, web site and emailed to the media on February 2, 2018.

Commissioners present: Todd Wiltgen, Chair; Jennifer Brinkman, Vice Chair; Roma Amundson, Bill Avery and Deb Schorr

Others present: Kerry Eagan, Chief Administrative Officer; Ann Ames, Deputy Chief Administrative Officer; Jenifer Holloway, Deputy County Attorney; Dan Nolte, County Clerk; Cori Beattie, Deputy County Clerk; and Kelly Lundgren, County Clerk's Office

The Chair called the meeting to order at 9:00 a.m., the Pledge of Allegiance was recited and the location of the Nebraska Open Meetings Act was announced.

1) MINUTES:

- A. Approval of the minutes of the Board of Commissioners meeting held on Tuesday, January 30, 2018.**

MOTION: Amundson moved and Schorr seconded approval of the minutes. Avery, Brinkman, Schorr, Amundson and Wiltgen voted yes. Motion carried 5-0.

2) CLAIMS:

- A. Approval of all claims processed through February 6, 2018.**

MOTION: Brinkman moved and Amundson seconded approval of the claims. Brinkman, Schorr, Amundson, Avery and Wiltgen voted yes. Motion carried 5-0.

3) PUBLIC HEARING:

- A. Public hearing regarding the proposed sale of property generally located at 2202 South 11th Street in the City of Lincoln, Lancaster County, Nebraska, which includes declaring that the property no longer serves a County purpose, determining fair market value and setting the date for sale of the property. (See correlating item 4A)**

The Chair opened the public hearing.

Kerin Peterson, Facilities & Properties Director, was administered the oath. She said the property was most recently appraised at \$2,025,000 and she recommended going forward with the sale of the property.

Amundson questioned if the building is considered surplus and no longer serves a purpose to the County. Peterson said the building is currently vacant and is considered surplus. She stated based on the appraisal the building is considered in fair to average condition and is structurally very sound. Peterson noted the building however, is obsolete for the County's purposes. She added the rezoning allows use for an office setting, residential or a combination of both. Peterson said there is adequate parking with approximately one hundred and thirty stalls.

No one appeared in opposition or in a neutral capacity.

The Chair closed the public hearing.

4) NEW BUSINESS:

- A. Resolution regarding the proposed sale of property generally located at 2202 South 11th Street, legally described herein, and located in the City of Lincoln, Lancaster County, Nebraska, which includes declaring that the property no longer serves a County purpose, determining fair market value, and setting the date for sale of the property. (R-18-0010)**

MOTION: Amundson moved and Schorr seconded approval of the resolution.

Avery questioned if the wording in the resolution "for sale to the highest bidder" would eliminate selling to possible candidates that have expressed interest in the building.

Kerry Eagan, Chief Administrative Officer, said statute provides that the bids have to be substantially close to fair market value which is a judgement call by the Board. He said the Board does not have to accept the highest bid if it is below fair market value. Eagan added that the sale is not final until the bids are brought back to the Board for final action. He noted the Board could reject all bids and proceed to sell the building in the best interest of the County.

Jenifer Holloway, Deputy County Attorney, said if the Board decides to not follow the surplus sale proceeding they would need to find another process to sell the property.

Eagan said following the surplus property process would allow the Board more authority on how to sell the property, for what price and what purpose.

ROLL CALL: Schorr, Amundson, Avery, Brinkman and Wiltgen voted yes. Motion carried 5-0.

- B. Subscription agreement between DTN and Lancaster County, on behalf of Lancaster County Emergency Management, for weather radar services. The County will pay \$420 per month for the services. (C-18-0067)**

Jim Davidsaver, Emergency Management Director, said this adjustment to the agreement will reduce the monthly payment.

MOTION: Schorr moved and Amundson seconded approval of the agreement. Amundson, Avery, Brinkman, Schorr and Wiltgen voted yes. Motion carried 5-0.

- C. Agreement between Kasseburg Canine Training Center, Phil Durst and Lancaster County, on behalf of the Lancaster County Sheriff's Office, to purchase one canine for law enforcement purposes. There is no cost to the County. (C-18-0068)**

Terry Wagner, County Sheriff, said the Durst family has again graciously offered to purchase a law enforcement canine. He added that there is no cost to the County as an anonymous benefactor has also donated funds to cover training, veterinarian bills and other costs associated with the Canine Unit. Wagner stated this will be the third dog in the unit and will be solely used for narcotic investigations.

MOTION: Schorr moved and Amundson seconded approval of the agreement. Amundson, Schorr, Brinkman, Avery and Wiltgen voted yes. Motion carried 5-0.

- D. Amendment to the Nebraska Medicaid Participating Provider Agreement with Nebraska Total Care, Inc. The amendment corrects the legal name of the Crisis Center from Mental Health Crisis Center of Lancaster County to Lancaster County of Nebraska d/b/a Mental Health Crisis Center. (C-18-0069)**

MOTION: Brinkman moved and Amundson seconded approval of the amendment.

Wiltgen stated he would abstain from voting due to a conflict of interest.

ROLL CALL: Schorr, Brinkman, Avery and Amundson voted yes. Wiltgen abstained. Motion carried 4-0 with one abstention.

RETURNING TO ITEM 3A:

Eagan submitted the property appraisal into the record (Exhibit A).

- E. Professional services contract between Olsson Associates and Lancaster County on behalf of the Lancaster County Engineer's Office, to assist in the development of a Transportation Strategy which identifies best management practices for system preservation, optimization and growth. The anticipated completion date is September 2018. The cost to the County is \$95,000. (C-18-0070)**

Pam Dingman, County Engineer, said the contract is in conjunction with the Infrastructure Task Force.

MOTION: Amundson moved and Brinkman seconded approval of the contract. Brinkman, Avery, Amundson, Schorr and Wiltgen voted yes. Motion carried 5-0.

- F. Recommendation from the Purchasing Department and the County Engineer to award a contract to MMC Contractors for RTU replacement (Bid No. 18-004). The total cost to the County is \$98,245. (B-18-0004)**

Dingman stated the bid did come in under budget although additional costs were incurred due to a structural evaluation of the roof and hiring an engineer to evaluate the equipment.

MOTION: Schorr moved and Avery seconded approval of the recommendation. Avery, Amundson, Schorr, Brinkman and Wiltgen voted yes. Motion carried 5-0.

- G. Contract with Jim Peterson Auction Company to provide annual unclaimed property auction services (Bid No. 18-010). The term of the contract is one year from the date of execution. The cost to the County is not to exceed \$10,000. (C-18-0066)**

MOTION: Brinkman moved and Amundson seconded approval of the contract. Amundson, Brinkman, Avery, Schorr and Wiltgen voted yes. Motion carried 5-0.

- H. Amendments to the following contracts for the annual supply of vehicle/equipment maintenance parts and equipment (Bid No. 14-250). The amendments renew the contracts from February 10, 2018 through February 9, 2019.**
 - 1. County Contract C-15-0051 with A Street Auto Parts, in an amount not to exceed \$1,000. (C-18-0061)**
 - 2. County Contract C-15-0052 with Carquest Auto Parts, in an amount not to exceed \$4,000. (C-18-0062)**
 - 3. County Contract C-15-0053 with Factory Motor Parts, in an amount not to exceed \$20,000. (C-18-0063)**
 - 4. County Contract C-15-0054 with Utility Parts Service d/b/a NAPA Nebraska, in an amount not to exceed \$28,000. (C-18-0064)**

MOTION: Amundson moved and Schorr seconded approval of the amendments. Avery, Schorr, Brinkman, Amundson and Wiltgen voted yes. Motion carried 5-0.

- I. Amendment to County Contract C-16-0090 with Jones Automotive, Inc., for the annual supply and installation of emergency equipment for law enforcement vehicles (Bid No. 16-021). The amendment revises the equipment and price list. (C-18-0065)**

MOTION: Brinkman moved and Amundson seconded approval of the amendment. Brinkman, Amundson, Schorr, Avery and Wiltgen voted yes. Motion carried 5-0.

- 5) CONSENT ITEMS:** These are routine business items that are expected to be adopted without dissent. Any individual item may be removed for special discussion and consideration by a Commissioner or by any member of the public without prior notice. Unless there is an exception, these items will be approved as one with a single vote of the Board of Commissioners. These items are approval of:

- A. Settlement between James and Jill Roberts and Lancaster County for \$2,000 regarding Case No. CI 17-102, Roberts v Capital City Transfer Services, Inc., et al.**

- B. **Accept and place on file a letter from Gateway Dermatology providing notice of intent to terminate contract C-17-0620.**
- C. **Right-of-way contracts with the following:**
 - 1. **Clayton and Stephenie Doeschot, South 168th Street and Pella Road, in the amount of \$622. (C-18-0071)**
 - 2. **Matterhorn, LLC, South 168th Street and Pella Road, in the amount of \$496. (C-18-0072)**
 - 3. **Bobby and Paula Purviance, Co-Trustees, South 96th Street and Stagecoach Road, in the amount of \$692. (C-18-0073)**

MOTION: Brinkman moved and Schorr seconded approval of the consent items. Schorr, Avery, Amundson, Brinkman and Wiltgen voted yes. Motion carried 5-0.

- 6) **PUBLIC COMMENT:** Those wishing to speak on items relating to County business not on the agenda may do so at this time.

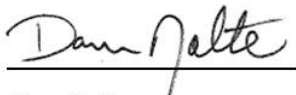
No one appeared for public comment.

7) **ANNOUNCEMENTS:**

- A. **The Lancaster County Board of Commissioners will hold a staff meeting on Thursday, February 8, 2018 at 8:30 a.m., in the Bill Luxford Studio (Room 113) of the County-City Building (555 S. 10th Street, Lincoln).**
- B. **The Lancaster County Board of Commissioners will hold their next regular meeting on Tuesday, February 13, 2018 at 9:00 a.m., in Room 112 of the County-City Building (555 S. 10th Street, Lincoln) with the Board of Equalization immediately following.**
- C. **The County Commissioners can be reached at 402-441-7447 or commish@lancaster.ne.gov.**
- D. **The Lancaster County Board of Commissioners meeting is broadcast live on LNKTV City. For the rebroadcast schedule visit lincoln.ne.gov (keyword: LNKTV). Meetings are also streamed live on LNKTV and can be viewed on YouTube (LNKTVcity).**

8) **ADJOURNMENT**

MOTION: Schorr moved and Amundson seconded to adjourn the Lancaster County Board of Commissioners meeting at 9:26 a.m. Avery, Brinkman, Schorr, Amundson and Wiltgen voted yes. Motion carried 5-0.



Dan Nolte
Lancaster County Clerk



**APPRAISAL REPORT OF:
REAL PROPERTY LOCATED AT:
2202 SOUTH 11TH STREET
LINCOLN, NEBRASKA**

**PREPARED FOR:
MR. DON KILLEEN
LANCASTER COUNTY
555 SOUTH 10TH STREET
LINCOLN, NEBRASKA 68508**

**PREPARED BY:
JASON L. PICKEREL, MAI
GREAT PLAINS APPRAISAL, INC.
115 CHERRY HILL BOULEVARD
LINCOLN, NEBRASKA 68510**

GPA FILE NUMBER: 17-0141A





Thomas W. Kubert, MAI, CCIM
Cody Gerdes, MAI
Lori L. Johnson, MAI
Jason L. Pickerel, MAI
Wayne W. Kubert, MAI

November 14, 2017

Mr. Don Killeen
Lancaster County
555 South 10th Street
Lincoln, Nebraska 68508

RE: Appraisal Report of real property located at:
Trabert Hall
2202 South 11th Street
Lincoln, Nebraska 68502

Dear Mr. Killeen:

As requested, I have prepared the attached appraisal report on the above-referenced property to be used by Mr. Don Killeen, Lancaster County, and/or their representatives for internal ownership decision purposes. The purpose of the appraisal report is to estimate the market value of the subject property in its current condition as of May 12, 2017. This report sets forth the valuation premise and data utilized in the value estimate. This report is not intended for any other use. Any other user is an unintended user and is not to rely on this report.

The scope of the appraisal process includes research of information that is adequate to support a credible analysis. This report is presented in an Appraisal Report format. I have experience appraising similar properties in the Lincoln market and no additional study or assistance was needed in order to comply with the Competency Rule of the *Uniform Standards of Professional Appraisal Practice*.

The property to be appraised is an existing office use property located at 2202 South 11th Street in Lincoln, Nebraska. The subject property was originally constructed in approximately 1928 as a nurses' residence for the former St. Elizabeth Hospital. In the early 1960's, the building was converted into office uses.

The subject property includes a lower level and four levels above grade. The property includes 42,781 square feet of above grade area, with an additional 12,954 square feet of lower level area, and a total gross building area of 55,735 square feet. The improvements are located on a 2.429 acre or 105,807-square foot site.

The appraiser is not an expert on hazardous materials. The inspection of the property revealed no apparent hazardous materials. The appraiser cautions that if present, such materials could affect the value of the property. The values estimated in this report assume that there is no contamination (see *Extraordinary Assumptions*.)

Mr. Don Killeen
Lancaster County
November 14, 2017

Your attention is directed toward the sections titled *Extraordinary Assumptions*, *Hypothetical Conditions*, and *General Limiting Conditions*, and *Appraiser's Certification*, which address contingencies of the appraisal report. Additional contingencies may be interspersed throughout the report where appropriate. Therefore, the document should be considered in its entirety.

The following report conforms with the *Uniform Standards of Professional Appraisal Practice* (USPAP), as promulgated by the Appraisal Foundation and in conformity with FIRREA, in conducting the research and analysis, and in formulating the value conclusion(s) contained in this report to the best of my knowledge and understanding.

The attached report provides a summary of the results of the appraisal process. Based upon the results of the appraisal process and subject to *Extraordinary Assumptions*, *Hypothetical Conditions* and *General Limiting Conditions* herein cited, the estimated market value of the Fee Simple Estate in the property, in its current condition, and as of May 12, 2017, is estimated to be:

TWO MILLION TWENTY-FIVE THOUSAND DOLLARS
(\$2,025,000.00)

Yours truly,



Jason L. Pickerel, MAI
Nebraska Certified General Real Property Appraiser
Credential No. CG2013022

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SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Location:	2202 South 11 th Street, Lincoln, Nebraska
Property Type:	Office Building
Property Rights:	Fee Simple Estate
Current Zoning:	R-4 Residential District with Special Permit
Highest and Best Use:	Office Building
Lot Size:	2.429 acres or 105,807 square feet
Improvement Size:	42,781 square feet - Above Grade Area <u>12,954 square feet</u> - Lower Level 55,735 square feet - Total Gross Building Area

Value Estimates:

- By Cost Approach: N/A
- By Sales Comparison Approach: \$1,950,000
- By Income Capitalization Approach: \$2,026,000
- **Final Indicated Value** **\$2,025,000**
- **Effective Date of the Appraisal** **May 12, 2017**

This appraisal is subject to Extraordinary Assumptions, Hypothetical Conditions and General Limiting Conditions herein cited. Any user of this appraisal report should be thoroughly familiar with both sections of the report.

EXTRAORDINARY ASSUMPTIONS

Extraordinary Assumption: *An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.*

Comment: *Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.*

Source: The Appraisal Foundation, *Uniform Standards of Professional Appraisal Practice*, 2016-2017 Edition.

1. The appraiser is not an expert on hazardous materials. The inspection of the property revealed no apparent hazardous materials. The appraiser cautions that if present, such materials could affect the value of the property. The values estimated in this report assume that there is no contamination.
2. The analyst was not provided with a Certificate of Title relative to the subject property. The appraiser is not a qualified title expert and any user of this report should seek the services of a qualified title expert to verify ownership and other issues related to ownership and encumbrances of the property.

HYPOTHETICAL CONDITIONS

Hypothetical Condition: *A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for purpose of analysis.*

Comment: *Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.*

Source: The Appraisal Foundation, *Uniform Standards of Professional Appraisal Practice*, 2016-2017 Edition.

1. None noted.

GENERAL LIMITING CONDITIONS

This appraisal is made under the following general contingencies along with those that appear in the body of the appraisal:

1. Title to the property is good and there are no liens or encumbrances except as noted;
2. No survey was made of the property for the purpose of this report; therefore, no guarantee is warranted that the improvements are located on the land herein described;
3. Distribution of the total valuation between land and improvements applies only under the program of utilization and conditions as set out in this report and is invalidated under any other program of utilization;
4. Testimony or attendance in court by reason of having prepared this appraisal shall not be required unless arrangements previously have been made;
5. All sketches, diagrams and photographs included in this report are for the reader's visual aid only and not based on survey;
6. Certain information, upon which opinions and conclusions are based, has been obtained from sources considered reliable; however, no liability from them can be assumed by the appraisers.
7. The appraisers do not warrant the mechanical, electrical, plumbing or constructional conditions of the improvements. If any of these are reported to be deficient, the appraisers will make note of them in the body of the appraisal report;
8. The appraisers are aware of no hidden or apparent conditions in the property, which would render it more or less valuable than otherwise comparable property;
9. Disclosure of the contents of this report is governed by the Bylaws and Regulations of the Appraisal Institute including those sections regarding peer review. Neither all nor any part of the contents of this report (especially any conclusions to value, the identity of the appraisers or any reference to the Appraisal Institute or to the MAI designation, or any other designations) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication, without the prior written consent and approval of the authors;
10. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined and considered in the body of the report.
11. It is assumed that there was full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined and considered in the report.
12. It is assumed that all required licenses, consents or other legislative or administrative authority from any local, state or national governmental or private entity or organization had been or could have been obtained or renewed for any use on which the value opinion contained in this report is based.

13. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the prior written consent of the appraisers, and in any event only with properly written qualification and only in its entirety.
14. The consideration for the preparation of this report is the payment by the client of all charges due the appraisers in connection therewith. Any responsibility of the appraisers for any part of the report is conditioned upon full payment.
15. In this appraisal assignment, potentially hazardous material such as urea-formaldehyde foam insulation, and/or radon gas, and/or asbestos, and/or toxic waste, and/or lead paint may or may not have been present on the property. The appraisers, however, are not qualified to detect such substances. The existence of potentially hazardous material may have an effect on the value of the property.
16. The mechanical systems had not been evaluated by our company nor are we qualified to comment as to the compliance with ASHRAE Standard 62-1989. Accordingly, no representations are made with respect to indoor air quality within the building.
17. A survey has not been conducted by our company, nor are we qualified to comment on existing reciprocating or centrifugal equipment to determine the amount of Chlorofluorocarbons (CFC's) that may have been present in the building. CFC's are regulated by the Clean Air Act of 1990, and the production of CFC's is banned after 1999 by the Montreal Protocol of 1987.
18. Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and general limiting conditions.
19. Unless otherwise stated in the report the opinion of value does not include any personal property, fixtures, tangible or intangible items that are not real property.
20. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the subject property to determine whether the physical aspects of the improvements met the ADA accessibility guidelines, nor are we competent to make such determination. In addition, determination of ADA compliance matches each owner's financial ability with the cost-to-cure the property's physical characteristics. Such determination is beyond the experience of the appraisers and, therefore, the appraisers cannot comment on compliance to ADA. Because determination of compliance can change with each owner's financial ability to cure non-accessibility, the value opinion of the subject does not consider any potential for non-compliance. Specific study of both the owner's financial ability and the cost-to-cure any deficiencies would be required for the Department of Justice to determine compliance.
21. Unless otherwise stated in the report the Date of the Report is synonymous with the date of the Transmittal Letter and the appraisers' perspective is current.

APPRAISER'S CERTIFICATION

The undersigned does hereby certify that, except as otherwise noted in this report:

1. Jason L. Pickerel, MAI has inspected the property for the firm. The primary inspection of the subject property was completed May 12, 2017. Details of both the inspection and subsequent analysis are contained in the body of this report.
2. The statements of fact contained within this report are true and correct.
3. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
4. I have no present or prospective interest in the real estate that is the subject of this report, and I have no personal interest with respect to the parties involved.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement with respect to this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the use of this appraisal.
8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with *Uniform Standards of Professional Appraisal Practice*.
9. No one other than the undersigned provided significant professional assistance to the analyses, conclusions, and opinions concerning the real estate that are set forth in this appraisal report.
10. I am experienced in appraising properties of this type, and am qualified to appraise the property based upon that experience and knowledge.
11. I certify that, to the best of my knowledge and belief, the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute*, which include the *Uniform Standards of Professional Appraisal Practice*.
12. I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, Jason L. Pickerel, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.

PURPOSE AND SCOPE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the subject property prescribed by the definition contained in this report. This report is presented in an Appraisal Report format. The appraisal assignment entails evaluation of the property under the following presumed conditions:

- 1) An opinion of the market value of the Fee Simple Estate of the subject property in its current condition as of May 12, 2017, which is the effective date of the appraisal.

The scope of the report is limited by "*Extraordinary Assumptions*", "*Hypothetical Conditions*" and "*General Limiting Conditions*." "*Extraordinary Assumptions*" and "*Hypothetical Conditions*" reflect conditions and assumptions unique to this appraisal assignment, and on which the appraisal is predicated. The user of this report is cautioned to review these conditions to assure concurrence with the conditions outlined. "*General Limiting Conditions*," while being equally important to the user of this report, are more traditional and usually familiar to users of appraisal reports.

The scope of the appraisal encompasses the necessary research and analysis to prepare the report in accordance with the intended use, the Standards of Professional Practice of the Appraisal Institute, and the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation. Specifically concerning this assignment, the following steps were taken:

1. Jason L. Pickerel, MAI inspected the property for the firm. An inspection of the subject property was completed May 12, 2017. Additional information and data relative to the property were obtained from City officials, County officials, representatives of the property owner, and other public and private sources.
2. The information regarding the region, city, and/or neighborhood is based upon personal inspection and investigation, data contained in the files of Great Plains Appraisal, Inc., and information obtained from other published sources. In addition to the secondary data, primary data was derived by observation and inspection by the Appraiser in the subject's community and neighborhood.
3. In developing the approaches to value, the Appraiser identified the competing market area and researched data in that market area. Data were collected from data files of Great Plains Appraisal, Inc., other appraisers, Realtors, property managers, property owners, publications, public records, and other sources considered knowledgeable of the subject property marketplace. While reasonable efforts were made to obtain reliable data, no warranty as to the reliability is made.
4. Upon completion of data assembly and analysis as herein defined and presented, an opinion of market value was formulated and presented, which is subject to the "*Extraordinary Assumptions*", "*Hypothetical Conditions*" and "*General Limiting Conditions*" herein cited.

ACKNOWLEDGEMENT OF ASSISTANCE

No one contributed to the analysis and evaluation of the subject property other than the principal appraisers whom are noted on the Certification section of this report.

MARKET VALUE DEFINITION

The purpose of the appraisal is to estimate the market value of the subject property. Pursuant to market value, the following definition will apply:

Market Value - *The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.*

Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

The definition of market value is contingent upon the consummation of a sale consistent with the exposure period cited within this report.

CLIENT

The client of this report is Mr. Don Killeen, Lancaster County, and/or their representatives.

INTENDED USE AND USER OF APPRAISAL

The intended user of this report is Mr. Don Killeen, Lancaster County, and/or their representatives. The intended use of this report is to provide the intended user with an opinion of market value for internal ownership decision purposes. This report is not intended for any other use. Any other user is an unintended user and is not to rely on this report.

ITEMS EXCLUDED FROM VALUATION

Unless otherwise noted within this appraisal report, this analysis gives no consideration to items of personal property such as furniture, fixtures, and equipment non-essential to the operation of the real estate, nor to any good-will or business value.

MARKETING PERIOD

The firm conducts studies of sales of real estate on a continuing basis to determine the time properties are on the market. The study includes all types of real estate and is completed through observation, public data, and discussions with brokers, owners, buyers and sellers. The study is necessary because the time a property is on the market can widely vary in relationship to the asking price. For this reason, the study is necessarily general in character for commercial, industrial, warehouse, service, and multi-family properties. Generally, marketing periods for properties of this type range from 12 to 24 months.

The subject property is currently improved with an office-use building. Considering current market conditions together with the marketability of the subject as an office-use property, the most probable marketing period is estimated to be from 12 to 24 months.

EXPOSURE TIME

Exposure time is the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Typical exposure times derived from comparable sales appear to range from 12 to 24 months, with some unusual properties requiring as long as three years to sell. In the current market, an exposure time of approximately 12 to 24 months is considered adequate to achieve the market price estimated here.

PROPERTY RIGHTS APPRAISED

The property rights appraised are those normally associated with the Fee Simple Estate of the subject property. The following are definitions associated with various estates accruing in real estate:

Fee Simple Estate: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Leased Fee Estate: The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Estate: The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

Through the normal course of business, detailed lease information for the subject property was requested. The analyst was provided a lease amendment for one tenant of the subject property. No other lease agreements are known/considered to exist. As of the date of inspection, the subject property is primarily vacant or owner occupied. The building includes Lancaster County agencies which have historically occupied various portions of the improvement. Many of these agencies are considered to be related entities to the subject ownership.

However, the northwestern portion of the second level is currently occupied by the Department of Administrative Services, State Building Division d/b/a Department of Correctional Services. The Department of Correctional Services is occupying this portion of the building through a lease agreement (according to the provided lease amendment) which expired April 30, 2016. Without additional lease information provided, the tenant is considered to be occupying the property on a month-to-month agreement.

The original lease agreement is dated May 1, 2011, and has included various amendments/renewals over the years. The most recent amendment provided was Amendment #3 which is dated May 1, 2014 and is a two-year term starting May 1, 2014 through April 30, 2016. Amendment #3 was the only lease documentation provided for analysis.

Reportedly, Lancaster County has declared the subject property as “surplus land” and is awaiting proposals for purchase of the subject property. Reportedly, the existing tenants and related entities which are currently occupying the property are to vacate the premise in the near future. As of the date of inspection, much of the building was vacant with existing tenants relocating to other Lancaster County owned properties.

The short-term nature of the lease and the impending expiration would have limited impact on the total bundle of rights. Additionally, the subject ownership reported that the property will be vacant within approximately 30 to 60 days following the date of inspection. The conclusions and opinion of value is reflective of the Fee Simple Estate in the property as if at stabilized occupancy and available to be marketed.

DATE OF THE APPRAISAL

The effective date of this appraisal is May 12, 2017. For the purpose of this appraisal, the property was personally inspected on May 12, 2017, by Jason L. Pickerel, MAI on behalf of the Great Plains Appraisal firm.

IDENTIFICATION OF THE PROPERTY

The subject property is located south of South Street, between of South 11th Street and South 12th Street within the southwest Lincoln, Nebraska. The subject property includes a situs address of 2202 South 11th Street, Lincoln, Nebraska. The Lancaster County Parcel Identification Number for the subject is 10-35-437-003-000. The subject property is further described and analyzed throughout the later sections of this report.

OWNERSHIP

According to the records located in the Register of Deeds’ Office, Lancaster County, Nebraska, the ownership of the overall subject property, as of the effective date of the appraisal rests with:

**The County of Lancaster, Nebraska,
a political subdivision of the State of Nebraska**

LEGAL DESCRIPTION

The following is the legal description of the property:

Lot Three (3), Saint Francis 1st Addition,
Lincoln, Lancaster County, Nebraska

HISTORY OF TITLE

Unless otherwise noted, the following data was verified with the Lancaster County Register of Deeds Office on May 12, 2017.

The analyst was not provided with a Certificate of Title relative to the subject property for the purposes of this appraisal report. Research of the Lancaster County Register of Deeds records was completed in conjunction with this assignment. The appraiser is not a qualified title expert and any user of this report should seek the services of a qualified title expert to verify ownership and other issues related to ownership and encumbrances on the property.

Reportedly, Lancaster County has declared the subject property as “surplus land” and is awaiting proposals for purchase of the subject property. No known plans or developments are currently in place for the subject property. Reportedly, the existing tenants and related entities which are currently occupying the property are to vacate the premise in the near future.

According to the client, multiple parties are reportedly interested in purchasing the subject property. The subject property is not considered to be encumbered or subject to any purchase agreements or contracts of sale. The subject property will reportedly be auctioned for sale within the next 6-12 months.

According to a search of CoStar, and LoopNet, and other multiple listing services, the subject property has not been actively listed/marketed for sale within the last three years.

A Final Plat titled “Saint Francis 1st Addition” dated May 4, 2010 and filed with the Lancaster County Register of Deed’s Office on May 10, 2010 as Instrument Number 2010-019022 subdivided the original parcel referred to as Lot 1, Saint Francis Addition, vacated 11th Street as recorded in Instrument Number 1985-03420, the remaining portions of Lots 1, 2, 3, all of Lots 4, 5, 6, 7, 8, 9, and 10, Block 1, South Park Addition, the vacated East-West and North-South Alleys adjacent to said lots as recorded in Vacation Ordinance #11204, Lots 136 and 144 of I.T., located in the southeast Quarter of Section 35, Township 10 North, Range 6 East of the 6th P.M., Lincoln, Lancaster County, Nebraska.

Prior to subdivision, the original parcel consisted of approximately 9.506 acres. After subdivision, the newly platted subdivision, referred to as “Saint Francis 1st Addition”, included three lots. The subject includes Lot Three (3), Saint Francis 1st Addition, Lincoln, Lancaster County, Nebraska. The current subject ownership was the subdivider/owner of the three lots at the time of subdivision.

There have been no recorded transfers of ownership of the subject property in the past three years. Copies of the pertinent deeds are located within the addenda of this report and copies of the plat maps have been included on the following pages.

EASEMENTS AND RESTRICTIONS

The appraiser noted potential utility easements in the area. These utility easements are considered to be typical and do not adversely affect the value of the property. The easement areas are generally located along the perimeters of the site.

The "Saint Francis 1st Addition" Final Plat dated May 4, 2010 and filed with the Lancaster County Register of Deed's Office on May 10, 2010 as Instrument Number 2010-019022 illustrates various utility easements encumbering the subject property. The easements are generally 10-foot utility easements which are located along the west, east, and south edges of the subject site. The easements are typical and have minimal negative effect on the subject property.

The plat map also illustrates a public access and parking easement which is considered to be benefit the subject property. The public access and parking easement is located within the north adjacent lot and provides for parking and access to South Street to the subject site. The easement area is considered to be approximately 22,544 square feet. Based on the subject's access to this easement area, the subject's effective site is considered to be larger than the actual site area of 105,807 square feet. A utility and pedestrian easement is located on the northwest adjacent property and allows for pedestrian access. A plat map is located on the following page and illustrates the parking and easement area.

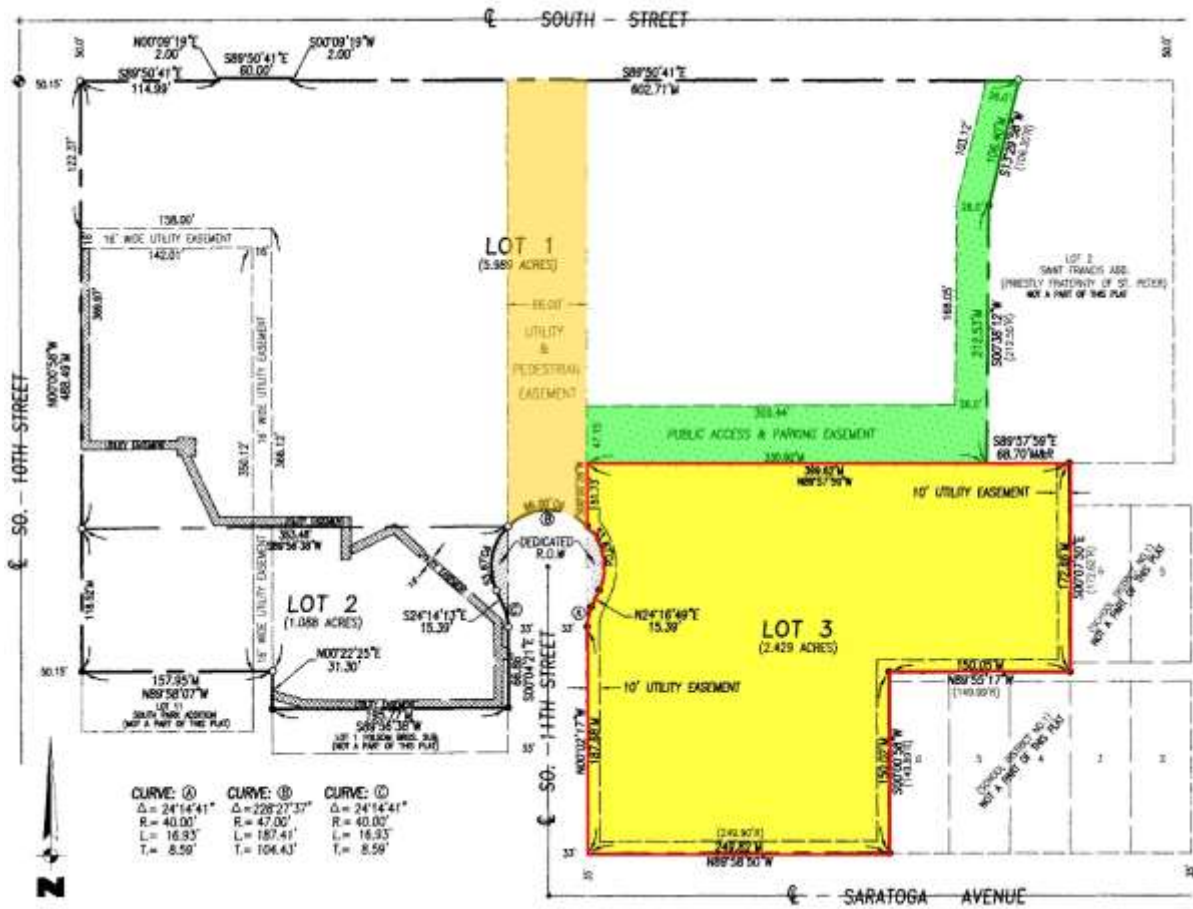
The subject site also includes two underground tunnels. Both tunnels enter the lower level of the subject building near the northeast corner of the building. One tunnel travels east for approximately 165-feet. Another tunnel travels north for approximately 190-feet to the north adjacent property. Both tunnels are capped at the end of the tunnels and do not include ground level access. No known easements are known for the tunnel which travels north to the north adjacent property. The tunnels are reportedly only accessed via the subject building.

The analyst assumes the underground tunnels are structurally sound and pose no risk of collapse or degradation over the holding period. Due to the existence of the underground tunnels, the site areas located above the tunnels have limited development potential due to structural concerns associated with the tunnels. The underground tunnels have limited utility for storage uses based on the access, size and diameter of the tunnels. The tunnels have nominal contributory value to the subject property.

The subject ownership granted Lancaster Manor (owner of the north and northwest adjacent properties) a permanent easement for bus parking within 1,064 square feet of the northeast corner of the subject site. The easement is identified as "Bus Parking Easement Agreement" which is dated March 2, 2010 and filed with the Lancaster County Register of Deed's Office on August 16, 2010 as Instrument Number 2010-034686. The easement is typical and has minimal negative effect on the subject property.

No other interests are considered to encumber the subject ownership rights. The existing restrictions have minimal effect on the subject property. Copies of the pertinent documents are included in the addenda of this report.

Plat Map



The Plat Map was taken from the Lancaster County Engineer's Office database. Red outlining, and yellow highlighted areas were added by the analyst for illustration purposes only. The outline is for illustration purposes only and is not considered to be at scale. The subject property is outlined in red and highlighted in yellow. The parking and access easement areas, which benefit the subject site, are highlighted in green and generally located to the north of the subject site.

The utility and pedestrian easement areas, which benefit the subject site, are highlighted in orange and generally located to the northwest of the subject site.

Easement Map



The Easement Map was provided by the client. Outlining, and highlighted areas were added by the client for illustration purposes only. The subject property is outlined in red. The parking and access easement areas, which benefit the subject site, are highlighted in green and generally located to the north of the subject site. The tunnels within the subject property are illustrated within the map in purple.

TAXES AND ASSESSED VALUE DATA

According to the records of the Lancaster County Treasurer and Lancaster County Assessor, the subject property located is assessed and taxed at the following rates:

The subject property is currently owned by a tax-exempt agency and is exempt from real estate tax. However, utilizing an assessment process similar to the process used for privately owned real estate, the Lancaster County Assessor has projected the following assessment for 2017:

2017 Account Numbers:	10-35-437-003-000
Land:	\$592,600
Improvements:	\$853,100
Total Assessed Value:	\$1,445,700
Total Taxable Value:	\$1,445,700
Multiplied by Tax Rate: (2016)	x 0.020367580
Gross Estimated Taxes:	\$29,445.41
Less Tax Credit (State Revenue)	\$1,294.91
Net Estimated Taxes:	\$28,150.50

The 2016 tax rate applicable to the subject property is \$2.0367580 per \$100 valuation, and no significant shifts are anticipated in the near future. This indicates a current tax rate on the total property as \$28,150.50, after the tax credit.

According to Nebraska Department of Revenue Property Assessment Division's website, the State of Nebraska will offset a portion of real property taxes levied in 2016. The Property Tax Credit Act provides a real property tax credit based upon the valuation of each parcel of real property compared to the valuation of all real property in the state. The total amount of credit available for statewide distribution in 2016 is \$204 million, which is the same distribution as 2015. The property tax credit will be shown on tax statements as a credit after the full taxes levied. The real property tax credit determined for year 2016 is \$89.57 per \$100,000 of valuation and no significant shifts are anticipated in the near future. The appraiser is basing the 2017 rate and credit on the estimation that the Property Tax Credit Act will continue within no significant shifts in the near future.

The statutory guideline of the Assessors office is to set the value at 100% of market value. The assessed valuations are not utilized as an indicator of value in this report. The expense for real estate taxes will be estimated for use in the income capitalization approach, if necessary.

UTILITIES

All public utilities, including water, sanitary sewer, natural gas, electricity, and telephone service are connected or are available to the subject property without excessive costs of extension. The utilities currently in place are adequate to serve most potential uses of the property.

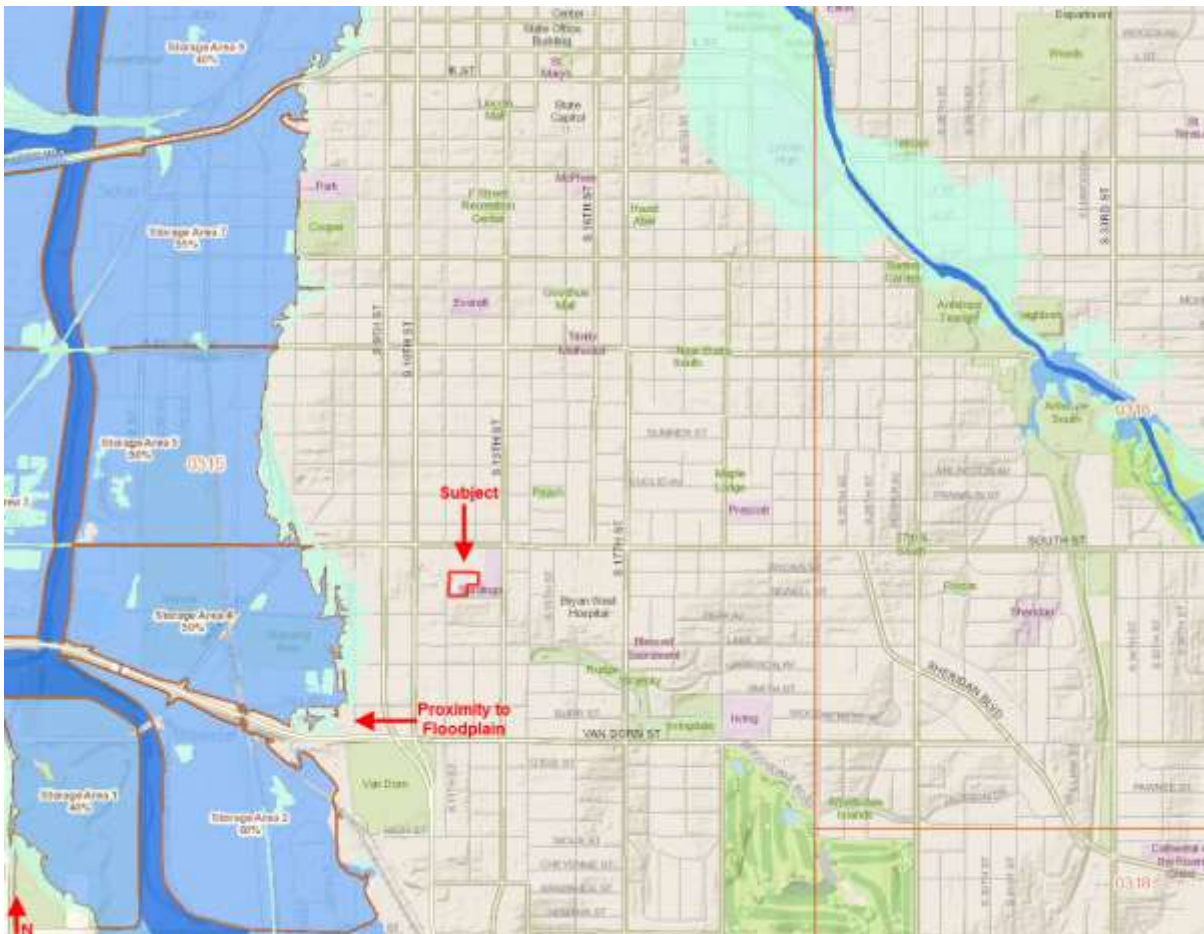
FLOODPLAIN

A review of the Flood Insurance Rate Map (FIRM), map number 31109C0315F, with an effective date of February 18, 2011, indicates that the subject property is within Zone X of the established floodplain. Zone X is considered to be outside of any established floodplain. The subject property is considered not to be affected by any floodplain requirements.

Areas located outside the established floodplain include areas of minimal flooding, but not subject to a risk of major flooding. The property is not considered to be affected by any flood zone requirements. In this area, flooding less than once every 500 years is expected. Properties located outside the established floodplain are typically not required by mortgage lenders to carry flood insurance.

A copy of the applicable portion of the floodplain map has been included below.

Floodplain Map



The Floodplain Map was taken from the Lincoln/Lancaster County GIS Mapping Application. Red shading and an arrow were added by the analyst for illustration purposes only. The outline is for illustration purposes only and is not considered to be at scale. The subject area is outlined in red. The dark blue shaded areas are floodway, the light blue shaded areas are the FEMA 100-year floodplain, and the teal blue shaded areas are the FEMA 500-year floodplain.

ZONING

Change of Zoning

A change in zoning ordinance encumbering the subject property was filed with the City of Lincoln as "Ordinance No. 20554" which was dated September 28, 2017. The ordinance changed the zoning of the subject property from P-Public Use District to R-4 Residential District with a Landmark Overlay. The Landmark designation, with the related Special Permit 17030, allows prospective buyers of the subject property to continue office uses, or return the property to residential uses, or some combination of the two uses. The Landmark designation also protects the historic structure and offers potential buyers speculative incentives for rehabilitation.

Current Zoning

The subject property is within the R-4 Residential District. This district is intended to provide a stable area of residential use at a gross density in the range of three to five dwelling units per acre. It is anticipated that some redevelopment will occur in this district. The use of the district includes single-and two-family dwellings, plus support facilities, such as schools, parks, community buildings, and churches.

Permitted uses include single-family dwellings, two-family dwellings, parks, playgrounds, and community buildings owned or operated by a public agency; public libraries; public elementary and high schools, or private schools having a curriculum equivalent to a public elementary or high school and having no facilities regularly used for housing or sleeping purposes.

Permitted conditional uses include churches, group homes, early childhood care facilities in churches, domestic shelters, and early childhood care facilities with a maximum of fifteen children present at any time.

Permitted special uses include community unit plans in conformance with the following: the average lot area shall be at least 5,000 square feet and all the requirements of Chapter 27.65, private schools, other than those permitted under Section 27.15.020, health care facilities, dwellings for members of religious orders, mobile home courts, recreational facilities, church steeples, amateur radio antenna installations, towers, and ornamental spires which exceed the maximum district heights, broadcast towers, certain parking lots as defined in Chapter 27.63, clubs, elderly or retirement housing, expansion of nonconforming uses, historic preservation, public utility purposes, wind energy conversion systems over the district height, mobile home subdivisions, housing and related facilities for the physically handicapped, outdoor seasonal sales, cemeteries, domiciliary care facilities, early childhood care facilities with sixteen or more children, or with fifteen or fewer children not meeting the specified conditions for a permitted conditional use under Section 27.17.030, neighborhood support services, connection of single-family dwelling to accessory building for the physically handicapped, adult care centers, alternative to imprisonment facilities, and children's homes.

Special Permits

The subject property is encumbered with Resolution No. PC-01571, Special Permit No. 17030 which is dated October 17, 2017 and filed on October 18, 2017 with the Lancaster County Register of Deed's office as Instrument Number 2017-044036. The special permit allows the subject property to be used for 57,735 square feet of office space, or for up to 60 dwelling units, or for a combination of the two uses as approved by the Planning Director. The subject property is designated as a Landmark.

Based on the landmark designation, the subject property will be subject to the purview of the Planning Director if any requests or modifications to the subject property are desired. The subject use permit includes various guidelines relative to any potential changes to the structure, proposed demolition, or proposed construction changes. This additional governmental oversight could increase potential building maintenance requirements/expenses for a potential buyer of the subject property. However, many of these speculative costs could be offset by potential tax incentives or other historical grants/credits based on the "local landmark" status.

The subject property includes approximately 120 parking spaces within the subject site and access to an additional 30 within an easement area located to the north of the subject property. The subject property appears to conform to the parking requirements of the R-4 Residential District with a Landmark Overlay and Special Permit.

It is assumed that unless otherwise noted, the subject improvements meet all of the requirements as set forth in the zoning ordinance. A zoning map, and height and lot requirement illustration have been included on the following pages.

Zoning Map



The Zoning Map was taken from the Lincoln/Lancaster County GIS Mapping Application. Red outlining was added by the analyst for illustration purposes only. The outline is for illustration purposes only and is not considered to be at scale. The subject property is outlined in red.

Additionally, the subject property is located within the Approach Zone area of the Airport Zoning Regulations. The approach zone extends from the end of the operation zone and is centered along the extended runway centerline. The existence of the subject property within this area has nominal negative impact on the subject property. An Airport Environs Zoning District map is located on the following page.

Airport Environs Zoning District Map



The Lincoln Airport Zoning Map was taken from the Lincoln/Lancaster County GIS Mapping Application. The red indicators were added by the analyst to illustrate the location of the subject property.

Zoning Summary

The subject site appears to conform to the R-4 Residential District with a Landmark Overlay and Special Permit zoning regulations. The location within the Airport Approach Zone has nominal negative impact on the subject property. The subject was built in approximately 1928 and is considered to be a conforming use.

Height and Lot Regulations Illustration

Table 27.72.020 (a)					
Maximum Height and Minimum Lot Requirements for the R-1 through R-4 Districts					
		R-1	R-2	R-3	R-4
Single-family Dwelling	Lot Area (sq. ft.)	9,000	6,000	6,000	5,000
	Avg. Lot Width	60'	50'	50'	50'
	Front Yard	30'	25'	20'	25'
	Side Yard	10'	5'	5'	5'
	Rear Yard	Smaller of 30' or 20% of the lot depth			
	Height	35'	35'	35'	35'
Two-family Dwelling	Lot Area per Family (sq. ft.)	7,200	5,000	5,000	2,500
	Avg. Lot Width per Family	48'	40'	40'	25'
	Front Yard	30'	25'	20'	25'
	Side Yard (0' if party wall)	20'	10'	5'	5'
	Rear Yard	Smaller of 30' or 20% of the lot depth			
	Height	35'	35'	35'	35'
Other Allowed Uses	Lot Area (sq. ft.)	9,000	6,000	6,000	5,000
	Avg. Lot Width	60'	50'	50'	50'
	Front Yard	30'	25'	20'	25'
	Side Yard	10'	5'	5'	5'
	Rear Yard	Smaller of 30' or 20% of the lot depth			
	Height	35'	35'	35'	35'

The Height and Lot Requirements Illustration was taken from the City of Lincoln Planning Department database. Yellow shading and highlighting was added by the analyst for illustration purposes only.

CITY ANALYSIS

The City of Lincoln is situated midway between Denver and Chicago, and about 200 miles northwest of Kansas City. Lincoln is situated in the southeastern corner of Nebraska and is in the geographic center of Lancaster County. It covers over 95 square miles and is 1,167 feet above sea level. Omaha, the largest city in Nebraska, is located about 50 miles northeast of Lincoln.

Lincoln was founded in 1856 and became the county seat in 1864. Lincoln was designated as Nebraska's State Capital in 1867. Lincoln's growth from a small village to a modern city has been a steady process over the last century. Governmental activities, educational facilities, finance, manufacturing, and agriculture all have contributed to the growth of Lincoln.

Lincoln is located within the varying seasonal pattern of the temperate zone. Temperatures over 100 degrees are not uncommon in the summer and winter lows below zero are typical. The wide swings in temperatures present special problems in the construction of buildings in Nebraska. Construction is typically started in the spring or summer. Construction activity nearly comes to a halt during the winter months causing seasonal layoffs. The temperature variation also causes the buildings to be constructed with an eye toward fuel conservation in both heating and cooling.

The University of Nebraska is located in Lincoln. The campus abuts the north side of the Central Business District. The student population of approximately 25,000 is a significant factor in the economic contribution to the city. Nebraska's football team, the Cornhuskers, have been a source of pride and income to Lincoln over the last five decades. The Cornhuskers' perennially high ranking has sold out the 85,000+ seat Memorial Stadium since 1962. Millions of dollars flow into Lincoln annually from football related activities.

Lincoln is also the home of Nebraska Wesleyan University and Union College, with enrollments of approximately 1,900 and 900 respectively. The Lincoln campus of Doane College serves more than 600 students each session, and 150 students attend the Lincoln center of the College of St. Mary. Southeast Community College has a number of facilities in Lincoln for both full-time and part-time occupational training and a total enrollment of over 9,000 students. Kaplan University, which focuses on occupational training, has an enrollment of around 450 students. The Lincoln Public School District is growing and thriving, serving almost 40,000 students enrolled in 39 elementary schools, 11 middle schools and six senior high schools, with an additional 7,000+ pupils attending 27 private and parochial schools.

Overall, Lincoln is considered to be an excellent place in which to invest and live. According to FBI data, Lincoln has 3.93 occurrences of violent crime per 1,000 residents compared to 5.82 occurrences in Omaha. The stable economic environment buffers it from the wide swings present in the national economy, limiting cyclical unemployment and recessionary factors. Lincoln offers all governmental services and social opportunities typical of cities this size. It should sustain moderate growth in both the economy and population over future years.

The following data on population, employment, income, retail sales, new housing activity and transportation are presented to reveal patterns of growth and to give a brief analysis of Lincoln's economic profile.

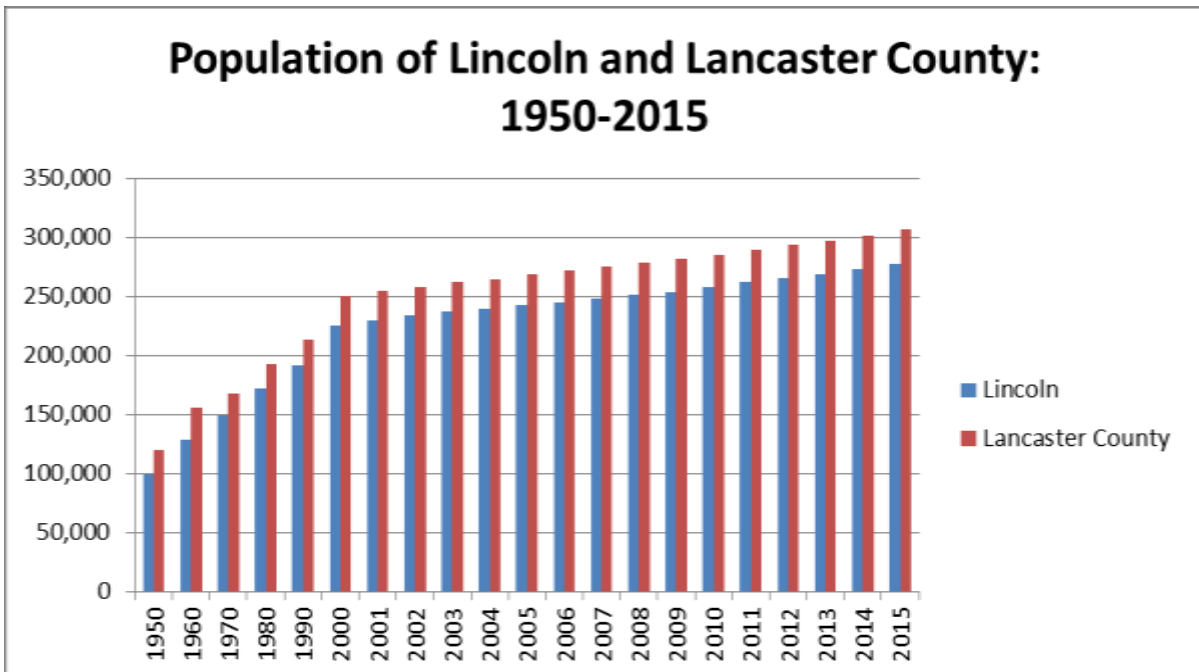
Updated November 2016

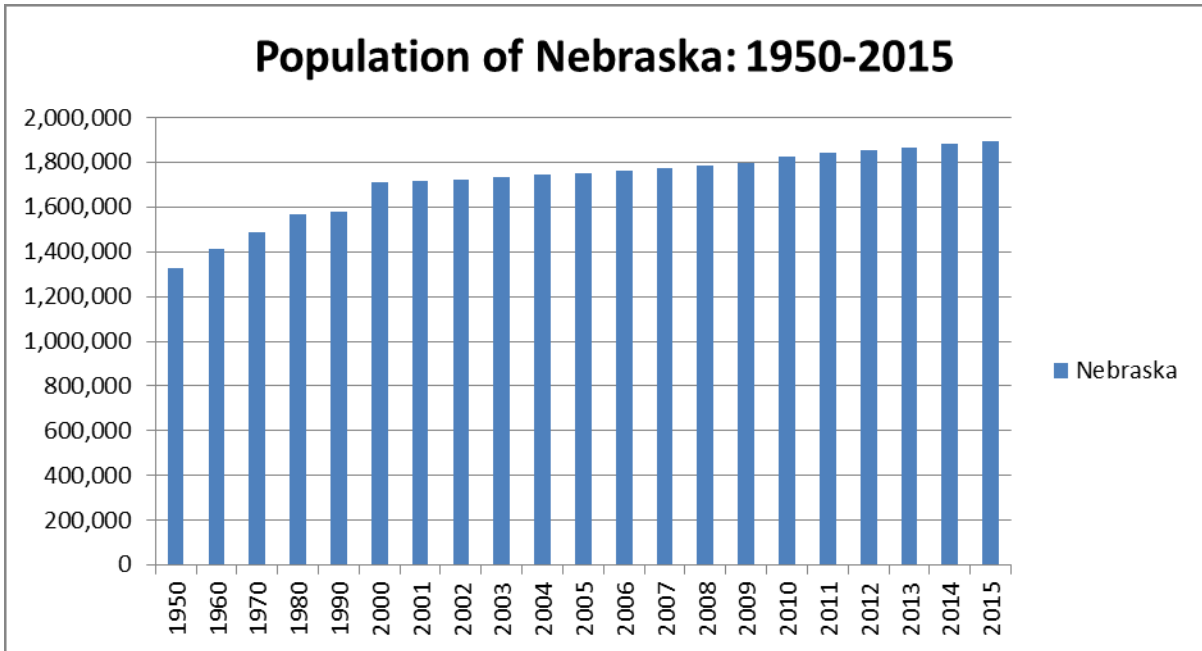
Population

Lincoln and Lancaster County have had a sustained growth over the past decade that traditionally has been above the state average. Lincoln and Lancaster County have had similar growth rates over the last decade with a steady increase since 2000. The following table and graphs illustrate the historic population of Nebraska, Lancaster County, and the City of Lincoln.

Year	Lincoln		Lancaster County		Nebraska	
	Population	% Change	Population	% Change	Population	% Change
1950	98,884	-	119,742	-	1,325,510	-
1960	128,521	29.97%	155,272	29.67%	1,411,330	6.47%
1970	149,518	16.34%	167,972	8.18%	1,485,333	5.24%
1980	171,932	14.99%	192,884	14.83%	1,569,825	5.69%
1990	191,972	11.66%	213,641	10.76%	1,578,358	0.55%
2000	225,581	17.51%	250,291	17.15%	1,711,263	8.42%
2001	230,227	2.06%	254,453	1.66%	1,718,280	0.41%
2002	233,744	1.53%	258,242	1.49%	1,725,545	0.42%
2003	237,551	1.63%	262,378	1.60%	1,734,746	0.53%
2004	239,580	0.85%	264,834	0.94%	1,743,954	0.53%
2005	242,676	1.29%	268,571	1.41%	1,754,042	0.58%
2006	245,358	1.11%	271,793	1.20%	1,763,765	0.55%
2007	248,744	1.38%	275,665	1.42%	1,774,571	0.61%
2008	251,624	1.16%	278,728	1.11%	1,783,432	0.50%
2009	254,001	0.94%	281,531	1.01%	1,796,619	0.74%
2010	258,379	1.72%	285,407	1.38%	1,826,341	1.65%
2011	262,341	1.53%	289,800	1.54%	1,842,641	0.88%
2012	265,404	1.17%	293,407	1.24%	1,855,525	0.70%
2013	268,955	1.34%	297,285	1.32%	1,868,969	0.72%
2014	272,996	1.50%	301,795	1.52%	1,881,103	0.65%
2015	277,348	1.59%	306,468	1.55%	1,896,190	0.80%

Source: United States Census Bureau





As of 2013, approximately 39 percent of the population in Lincoln was between the ages of 20 and 44 years old. Lincoln has shown significant increases in this age group creating a median age of 31.9 years. Additionally, the portion of the population over age 64 has shown significant increases. The new market formation of the population will help continue the future economic activity in Lincoln.

Over the last ten years, the historical growth of Lincoln has been slow but consistent. This growth pattern during strong economic times and during recessionary periods is generally about the same. Growth during strong economic times tends to be slower than the national average. However, the growth during recessionary periods tends to hold the Lincoln economy above other areas in the county.

The growth of the population can be traced to two general causes. First is the growth in certain types of employment (see following section on Employment). The second source is the declining population in agricultural areas. Residents of farming communities, especially young people, tend to leave agriculture and move to Lincoln because it is viewed as a good place to raise a family and it is the largest city close to their former homes.

Employment

Employment trends can be a good indicator of the economic viability of a local market. The following figures include historical data on employment rates and employment by category in the Lincoln area.

Non-Farm Employment (Lincoln MSA)						
	2012		2014		2015	
Labor Force	176,664		179,302		177,289	
Employment	170,303		174,046		172,641	
Unemployment	6,361		5,256		4,648	
Unemployment Rate	3.60%		2.90%		2.60%	
Goods-Producing						
Durable Goods Manufacturing	8,421	4.19%	8,755	4.20%	8,817	4.19%
Non-Durable Goods Manufacturing	4,946	2.46%	5,061	2.43%	5,052	2.40%
Natural Resources and Construction	7,181	3.58%	7,825	3.76%	8,397	3.99%
Goods-Producing Total	20,548	10.23%	21,641	10.39%	22,266	10.57%
Service Providing						
Wholesale Trade	4,021	2.00%	4,045	1.94%	4,028	1.91%
Retail Trade	18,573	9.25%	19,186	9.21%	19,555	9.29%
Trans, Warehousing, Utilities	10,693	5.33%	10,812	5.19%	10,877	5.17%
Information	2,477	1.23%	2,526	1.21%	2,554	1.21%
Financial Activities	14,143	7.04%	14,411	6.92%	14,483	6.88%
Professional & Business Services	18,348	9.14%	18,714	8.98%	19,338	9.18%
Education & Health Services	27,398	13.64%	28,056	13.47%	27,769	13.19%
Leisure & Hospitality	16,326	8.13%	17,657	8.48%	17,801	8.45%
Food Services and Drinking Places	12,298	6.12%	12,943	6.21%	13,063	6.20%
Restaurants	11,061	5.51%	11,790	5.66%	11,928	5.66%
Other Services	7,013	3.49%	7,048	3.38%	7,072	3.36%
Service Providing Total	142,351	70.89%	147,188	70.66%	148,468	70.50%
Gov. (Public Admin.)						
Federal Government	2,900	1.44%	3,107	1.49%	3,238	1.54%
State Government	20,300	10.11%	21,414	10.28%	21,470	10.20%
Local Government	14,700	7.32%	14,954	7.18%	15,143	7.19%
Total Gov. (Public Admin.)	37,900	18.87%	39,475	18.95%	39,851	18.92%
Total Non-Farm Employment	200,799	100%	208,304	100%	210,585	100%

Sources: Nebraska Department of Labor, Federal Reserve Bank of St. Louis Economic Research

The 2014 employment figures show that the various levels of government employed an average of 39,300, or 21.34% of the total non-ag employment of 184,200 in the Lincoln metropolitan statistical area, which includes both Lancaster and Seward counties, making it the second largest employment category. Services, the largest category, employed an average of 123,200, or 66.88% of the 2014 total. Current trends show that jobs in the Lincoln market are moving from the industrial sector to the service providing sector, with an emphasis on the education and health service industry. Education and health workers made up 15.74% of total non-ag employment in 2014.

Other businesses that tend to stabilize the economy are the University of Nebraska, insurance companies, and manufacturing. The University's growth over the years has played an important role in both the economy and the housing market. Lincoln serves as the headquarters for 25 insurance companies. Although manufacturing is not the major employer, as in most Midwestern cities, it has been a stabilizing factor. Many companies are tied into long-term government contracts and others deal with food processing, both of which experience comparatively little employment fluctuation.

Lincoln Public Schools and the State of Nebraska both employ more than 5,000 workers, while the University of Nebraska, Bryan Health Medical Center, and Saint Elizabeth Health Systems all employ between 2,500 and 5,000 workers. There are nearly 20 employers in the 1,000 to 2,500 category, including Kawasaki, the City of Lincoln, BNSF Railway, Duncan Aviation, Ameritas Financial Services, B & R Stores, Hy-Vee Food Stores, Madonna Rehabilitation Hospital, and the US Government. Of these major employers, only one is a manufacturing entity, while one is a hospital, two are government entities, two are grocery stores, one is an insurance company, and one is a fixed base operator that provides aviation services for clients across the nation.

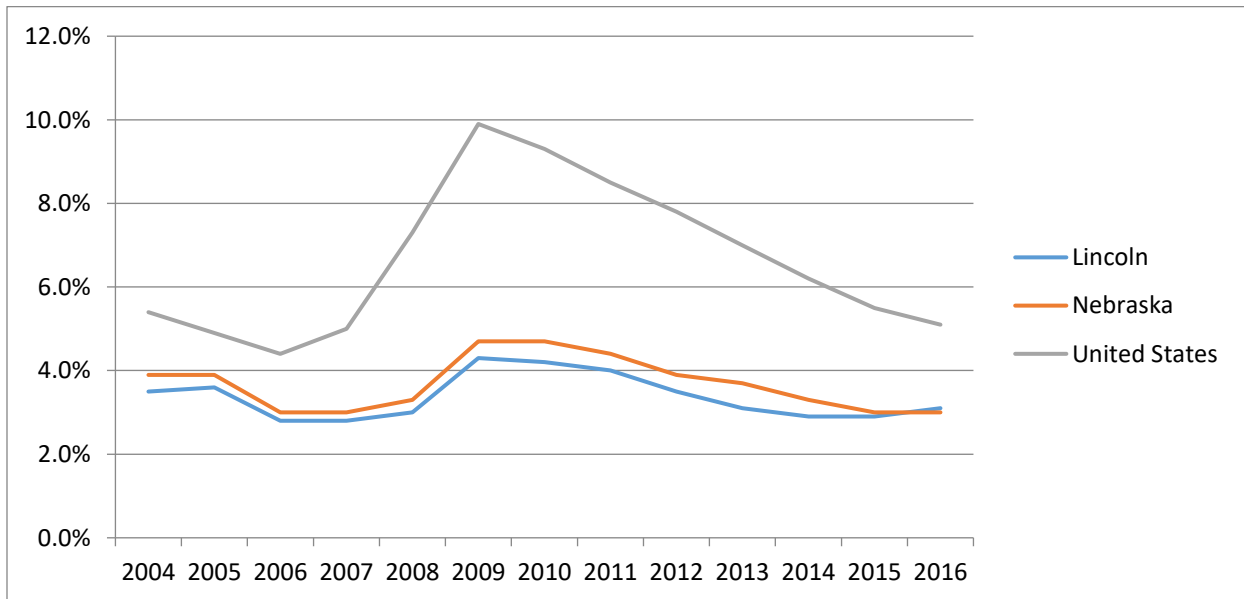
Other non-manufacturing employers of 500 to 999 employees include Lancaster County, SI International, and Crete Carrier Corporation.

Lincoln's economic base may be characterized as one of broad diversity and consequent stability. Lincoln's diverse financial, governmental, commercial, and industrial employment bases make the retail market area less susceptible to business and economic fluctuations than cities with more specialized economic bases.

Unemployment 2004-2016

Unemployment	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Lincoln	3.5%	3.6%	3.4%	3.2%	3.3%	4.4%	4.9%	4.5%	3.9%	4.1%	3.6%	3%	3%
Nebraska	3.9%	3.9%	3.4%	3.0%	3.0%	4.1%	4.8%	4.5%	4.1%	3.9%	3.5%	2.90%	3%
United States	5.4%	4.9%	4.7%	4.6%	5.0%	7.8%	9.8%	9.1%	8.3%	8.0%	6.6%	5.70%	4.90%

Source: United States Department of Labor, Bureau of Labor Statistics



According to the U.S. Department of Labor, Lincoln ranked sixth on lowest unemployment rates for metropolitan areas in 2016. The unemployment rate in Lincoln and the state traditionally remains well below the national rate. After reaching a low of 2.8% in 2007, the unemployment rate increased slightly to a little over 4% in 2009 and 2010 due to a slowing economy. During the national recession from 2007 to 2009 the unemployment rate in Lincoln and Nebraska remained well below the national average. One of the main reasons that Lincoln has such a low unemployment rate compared to the national unemployment is because of the highly diversified economy. There are many industries that make up the economy in Lincoln. This provides growth during strong economic times as well as security during weak economic times.

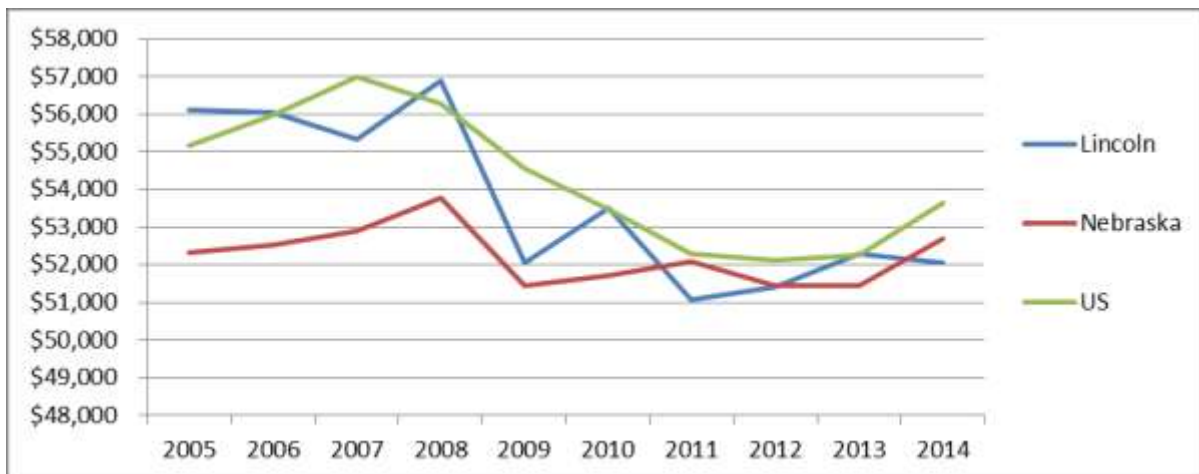
Effective Buying Income

Median income is also a reliable indicator, for it is a bulk measurement of market potential. Median income indicates general purchasing power and is essential in comparing, selecting, and grouping markets on that basis. The median household income divides the income distribution into two equal parts with one-half the households above it, and the other half below it. It is, therefore, a reliable indicator of an area's relative income level.

Median Household Income (Adjusted for Inflation)

Year	Lincoln	Nebraska	US
2005	\$56,117	\$52,322	\$55,178
2006	\$56,047	\$52,538	\$55,978
2007	\$55,318	\$52,899	\$57,006
2008	\$56,892	\$53,763	\$56,290
2009	\$52,056	\$51,431	\$54,541
2010	\$53,517	\$51,719	\$53,469
2011	\$51,077	\$52,093	\$52,306
2012	\$51,404	\$51,460	\$52,117
2013	\$52,300	\$51,440	\$52,250
2014	\$52,046	\$52,686	\$53,657

Source: Department of Numbers



The comparisons between Lincoln, Nebraska, and the national averages are revealing. After adjusting for inflation, all three have experienced decreases in median household income over the period from 2005-2013. Lincoln's median household income has decreased by 6.8% since 2005, while the country's as a whole has fallen by 5.3%. Higher volatility in Lincoln's year-to-year averages reflects the smaller sample size when compared to the United States. As a state, Nebraska's median household income has remained relatively stable, though it has still decreased by 1.7% since 2005. Although the median household income for the state, which is highly dependent upon agriculture, has traditionally lagged behind Lincoln, comparatively it has remained stable.

The growth of incomes across the nation began to slow at the turn of the century, which was a reflection of the instability of economic cycles and fluctuations in the stock market. Between 2008 and 2009, incomes fell drastically due to a slowing economy. Variations in recent years reflect the more volatile areas that make up the national economy. Even through the slowing economy, Lincoln and Lancaster County remained very close to the national average. The support that the agricultural industry has on the local economy helps keep household incomes relatively stable during otherwise slow economic periods. Although Lincoln and the state of Nebraska have been much more stable historically, Lincoln's recent growth has resulted in a closer connection between the local economy and the fluctuations of the national economy.

Retail Sales

Historically, the largest concentration of retail and office space in Lincoln has been located in the Central Business District. Although it remained viable over the years, the downtown area had evolved into office space rather than a retail area. However, the City government, through the City Council and Planning Commission, has provided a strong central core by limiting the amount of land zoned for commercial and office use in the suburbs. A large effort to revitalize the entire downtown area has taken place over the past decade.

In 2012, Lincoln put the finishing touches on a 12-year, \$246 million Antelope Valley project. The main goal of the project was to substantially reduce the floodplain along Antelope Creek and improve the streets network near UNL's City Campus. Through construction of an open channel from Salt Creek Roadway south to J Street, where the stream had flowed through an underground conduit, along with other improvements, the project shrank the floodplain from a width of about 1,700 feet to less than 200 feet. It created the new multi-lane Antelope Valley Parkway on the eastern edge of downtown, as well as a new bike trail that linked existing trails with the new three-block Union Plaza Park. It also created new public-private investments, including a new headquarters building for Assurity Life Insurance, housing, and several small shops.

The Historic Haymarket, Lincoln's main entertainment district, is located on the western edge of downtown. Lincoln recently embarked on a \$344 million West Haymarket Redevelopment Project, with the \$179 million Pinnacle Bank Arena as the cornerstone. Opened in the fall of 2013, the state-of-the-art multi-purpose arena seats more than 15,000, and serves as the home to the University of Nebraska men's and women's basketball teams. It also hosts year-round concerts, family shows, touring acts, and other sporting events. It is estimated to bring in approximately 700,000 guests with about 120 events every year.

Another major component of this redevelopment project is The Railyard on Canopy Street. The Railyard, located across the street just south of Pinnacle Bank Arena, has quickly become Lincoln's premier entertainment district. It features 13+ restaurants and bars, live entertainment, and an open beverage garden anchored by the "Cube," a giant video screen wrapped around a corner of the building. New development in the Haymarket will continue to take place, as there are already plans for a new Hudl headquarters building in the West Haymarket, as well as construction of a new eight-story senior living complex and redevelopment of an existing vacant building in the South Haymarket. The senior living complex will also include office and retail space.

The redevelopment of P Street downtown has created an attractive link between the West Haymarket and Union Plaza Park along Antelope Valley. A complete redesign of the streetscape included wider sidewalks, benches, lighting, and parking. New pedestrian crosswalks are shorter and safer, and with expanded sidewalks, outdoor dining has become more available. A small plaza has been developed on the northeast corner of 13th and P Street. Known as Tower Square, the plaza includes two sidewalk cafes and is anchored by Ascent Tower, a 57-foot-tall, internally illuminated, multicolor column. The improved appearance and functionality of the P Street District has created a vibrant retail corridor in the heart of downtown Lincoln.

Within the city, retail sales growth increased with the entry of Gateway Mall in the eastern part of the city in the early 1960's. This retail center has been modernized and expanded over the years and has consequently captured a large percentage of total retail sales, when compared on a square foot basis. Four other shopping centers in the east part of the city include Edgewood Center, the East Park Plaza-Shoppers Fair Complex, Eastview, and Centro Plaza at 48th and R Streets. The Target Store (48th and R Streets) and the Shopko Store (66th and O Streets) have contributed additional retail space to the east part of Lincoln.

Significant retail development has taken place in the southern part of Lincoln. There are multi-tenant commercial sites on all four corners of 27th and Pine Lake Road; the biggest establishment in the area is South Pointe Pavilions Shopping Center. South Pointe is an open air shopping center with many retail establishments including Scheels Sporting Goods, a large regional chain, as well as other large national retail chains. There are multiple restaurants and other retail stores that surround South Pointe Pavilions, which provide additional retail opportunities. The entire area around 27th and Pine Lake Road has become a significant location for retail sales in Lincoln.

Just south of 27th and Pine Lake Road is the growing Wilderness Hills shopping center, located at 27th and Yankee Hill Road. Large retailers such as Kohl's and Marshalls, along with HomeGoods and an ALDI grocery store, Skechers and Rue 21 have all recently opened.

The development of an Interstate-80 interchange on North 27th Street spurred significant development on the northern edge of the city. Several large retailers, including Sam's Club, Wal-Mart, Menard's, The Home Depot and a number of other large national chains operate stores in the area. Although no figures are available to indicate what percentage of Lincoln's retail activity has shifted to this area, the total square footage of the newly developing areas and the heavy traffic in the area suggest that substantial retail dollars are being spent in this location.

The northeast sector is also seeing increased development. Commercial centers at 84th and Holdrege Street have been developed to serve new residential neighborhoods in the area. Additional commercial sites have been developed in the area of 84th and Adams Street.

Menard's, Sam's Club, Wal-Mart, The Home Depot, and Lowe's are all located along Highway 2 between approximately 56th and 84th streets in southeast Lincoln. Small retail sites have formed along the highway in this area, as well as a large retail center on the northeast corner of 84th Street and Highway 2. Aside from the large supercenters, these retail sites are also filled with restaurants, banks, and other commercial buildings. Additional development southeast of the 84th and Highway 2 intersection includes new housing, motels, a gas station, and several retail outlets.

There are three locations that are responsible for the majority of the retail sales in Lincoln: South Pointe Pavilions, Gateway Mall and the retail shopping located in the northern part of Lincoln. There are other small retail centers located throughout the city that account for retail sales in the city. With the addition of South Pointe Pavilions and other retail locations in the southern part of Lincoln, continued commercial development in south Lincoln has led to continued residential development in south Lincoln.

The market share increases of the Gateway and South Pointe Pavilions areas and the reduced volume of the Central Business District raised concern as to the future viability of retailing in the Central Business District. While such shifts are not uncommon in other cities, the makeup of retail trade in the Central Business District has changed. Suburban retail outlets are now capturing a much larger share of expenditures, due in part to their convenience to a larger percentage of the population. Census tract data suggest that population centers are located in the east, southeast, and south areas of the city, favoring the newer regional or neighborhood centers in these areas.

Retail sales are often used to gauge the purchasing power of residents in a particular market area. The table on the following page shows historical retail sales data for Lincoln, Lancaster County, and Nebraska.

Net Taxable Sales (In Thousands)						
Year	Lincoln	% Change	Lancaster County	% Change	Nebraska	% Change
1992	\$1,545,497	-	\$1,467,156	-	\$11,900,883	-
1993	\$1,709,939	10.64%	\$1,729,101	17.85%	\$12,474,045	4.82%
1994	\$1,856,346	8.56%	\$1,876,208	8.51%	\$13,415,795	7.55%
1995	\$1,947,730	4.92%	\$1,968,289	4.91%	\$13,990,022	4.28%
1996	\$2,143,612	10.06%	\$2,166,461	10.07%	\$14,785,150	5.68%
1997	\$2,259,594	5.41%	\$2,288,138	5.62%	\$15,610,433	5.58%
1998	\$2,422,396	7.20%	\$2,452,913	7.20%	\$16,588,328	6.26%
1999	\$2,567,664	6.00%	\$2,597,540	5.90%	\$17,286,234	4.21%
2000	\$2,683,426	4.51%	\$2,722,965	4.83%	\$17,838,106	3.19%
2001	\$2,720,031	1.36%	\$2,766,364	1.59%	\$18,160,040	1.80%
2002	\$2,817,697	3.59%	\$2,864,930	3.56%	\$18,499,895	1.87%
2003	\$2,952,186	4.77%	\$3,008,266	5.00%	\$19,198,672	3.78%
2004	\$3,179,989	7.70%	\$3,249,242	8.00%	\$20,733,340	8.00%
2005	\$3,270,989	2.86%	\$3,360,671	3.43%	\$21,691,204	4.62%
2006	\$3,278,042	2.16%	\$3,377,949	0.51%	\$22,317,391	2.89%
2007	\$3,274,201	-0.12%	\$3,359,520	-0.55%	\$23,334,955	4.56%
2008	\$3,245,483	-0.88%	\$3,311,146	-1.44%	\$23,720,874	1.65%
2009	\$2,925,600	-9.86%	\$2,990,749	-9.68%	\$22,911,126	-3.41%
2010	\$3,008,840	2.85%	\$3,082,603	3.07%	\$23,662,032	3.28%
2011	\$3,118,670	3.65%	\$3,204,759	3.96%	\$24,918,912	5.31%
2012	\$3,286,429	5.38%	\$3,376,427	5.36%	\$25,970,494	4.22%
2013	\$3,424,469	4.20%	\$3,523,147	4.35%	\$27,344,167	5.29%
2014	\$3,517,858	2.73%	\$3,622,192	2.81%	\$28,173,802	3.03%
2015	\$3,664,495	4.17%	\$3,766,925	4.00%	\$28,450,197	0.99%

Source: Nebraska Department of Revenue

The more significant feature is where the retail dollars are being spent. Lincoln accounts for about 97% of all sales in Lancaster County. Lincoln is home to approximately 14% of Nebraska's total population but traditionally accounts for 12% to 13% of Nebraska's total sales. Even through the financial turmoil over the last 5 years, Lincoln, Lancaster County and the state of Nebraska have been fairly consistent and stable in spending habits. Spending did decrease, however, during the economic slow-down between 2007 and 2009. Beginning in 2010, spending has since recovered.

New Housing Activity

Housing is a direct reflection of a local economy. During times of growth there is an increased number of building permits issued. There has been significant growth in Lincoln over the past decade. The majority of the growth has been to the south, north and northwest areas of Lincoln.

In the northern area of Lincoln there has been significant growth between North 14th street and North 27th street. There have been commercial developments in this area that have increased the demand for the residential development. Expansion is now taking place north of interstate 80, which used to act as a barrier to growth. With new residential developments to the north of the interstate, commercial development has begun to follow.

There has also been significant growth in the southern part of Lincoln in the area between South 14th street and South 56th street. This can be attributed to the increased amount of commercial development throughout the area. With no natural barriers to limit growth, southern Lincoln is a very popular location for residential and commercial development.

There has been very limited growth in the eastern part of the city due to the Stevens Creek watershed. With limited access to city utilities due to the area's topography, the area to the east of the city has had limited residential or commercial growth. These restrictions on the development in this area of Lincoln have contributed to more extensive growth in the south, north and northwest areas of Lincoln.

Building Permits 2008-2015

Category	2008	2009	2010	2011	2012	2013	2014	2015
Single Family	410	378	370	388	525	597	663	663
Duplex/Townhouse	184	184	139	162	263	220	215	256
Apartment	73	42	332	350	574	489	1,012	1,077
Total	667	604	841	900	1,362	1,306	1,890	1,996

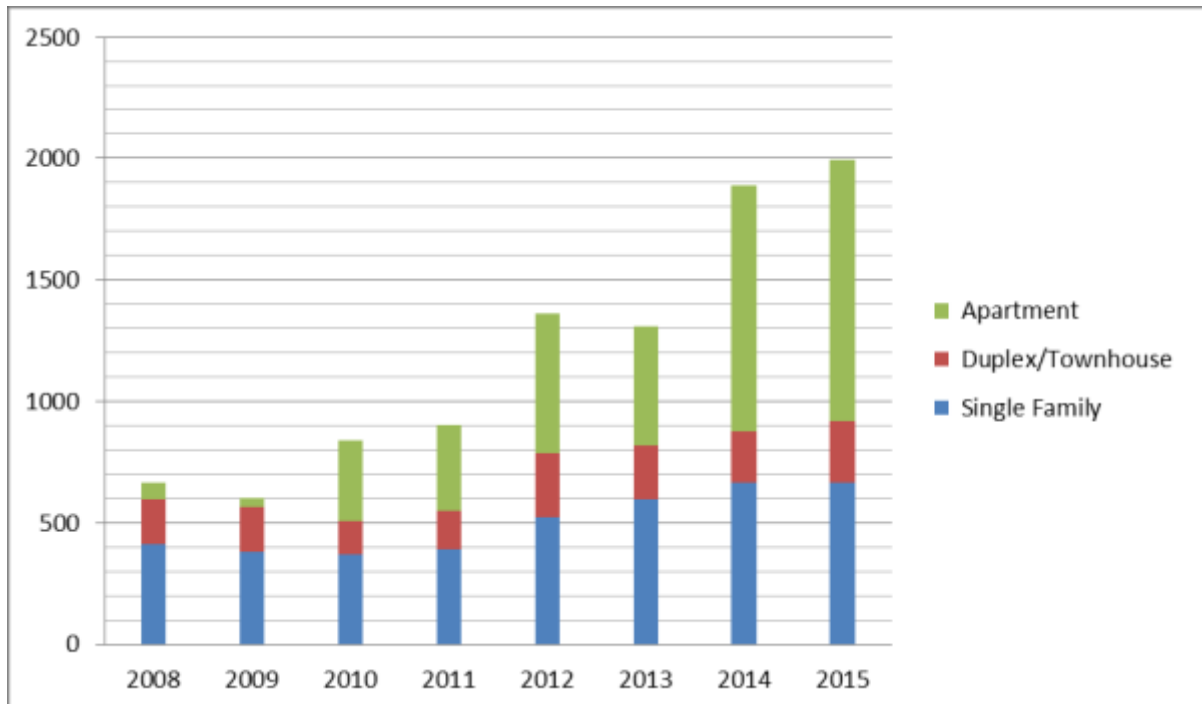
Annual Change

% Change Single-Fam	-7.81%	-2.12%	4.86%	35.31%	13.71%	11.06%	0.00%
% Change Dup/TH	0.00%	-24.46%	16.55%	62.35%	-16.35%	-2.28%	19.07%
% Change Apt.	-42.47%	790.48%	5.42%	64.00%	-14.81%	206.95%	6.42%
% Change Total	-9.45%	39.24%	7.02%	51.33%	4.12%	44.72%	5.60%

Annual Distribution

% Single-Fam	61.41%	62.58%	44.00%	43.11%	38.55%	45.71%	35.08%	33.22%
% Duplex/TH	27.59%	30.46%	16.53%	18.00%	19.31%	16.85%	11.38%	12.83%
% Apartment	10.94%	6.95%	39.48%	38.89%	42.14%	37.44%	53.54%	53.96%

Source: City of Lincoln Building and Safety

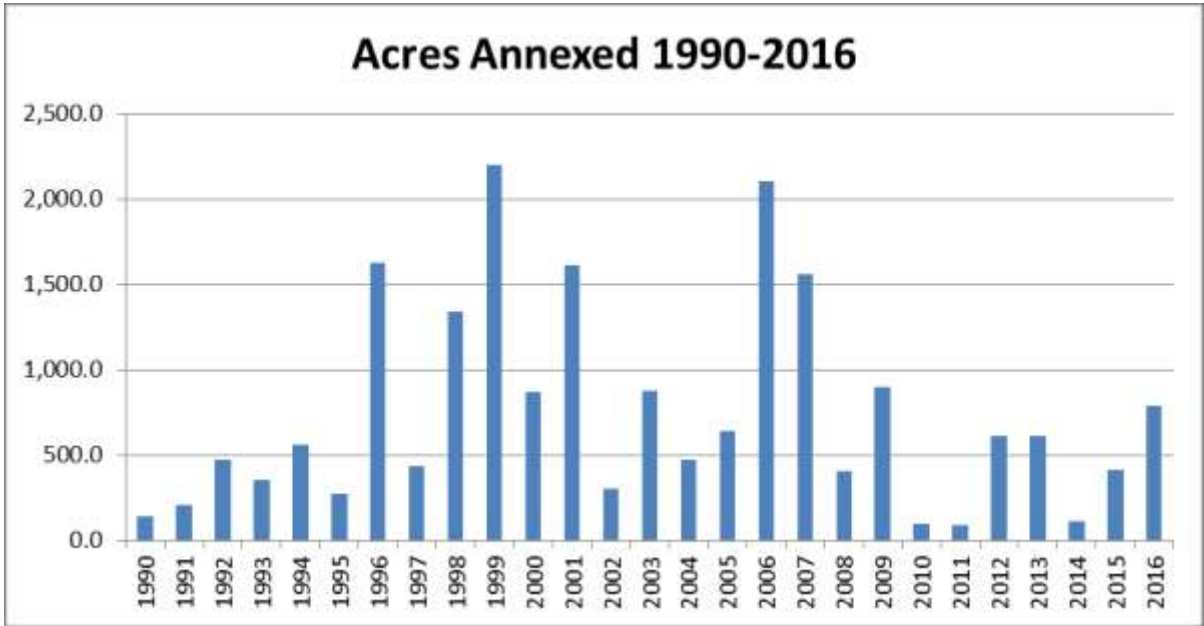


The blue area of the graph, which represents single family building permits, has maintained a steady increase since 2010. The peak of single family building permits was back in 2004, but due to a slowing of the market there was a significant decrease in the number of permits issued, with 2010 having the fewest number of single family building permits issued over the last decade. Since then, however, there has been a slight recovery in the number of single family permits issued.

The red group on the graph is associated with the number of duplex and townhouse building permits issued. The growth in this category has closely paralleled the growth in single family permits. Again the lowest numbers of permits were issued in 2010. There has been a modest recovery in the issuance of duplex and townhouse permits issued since then.

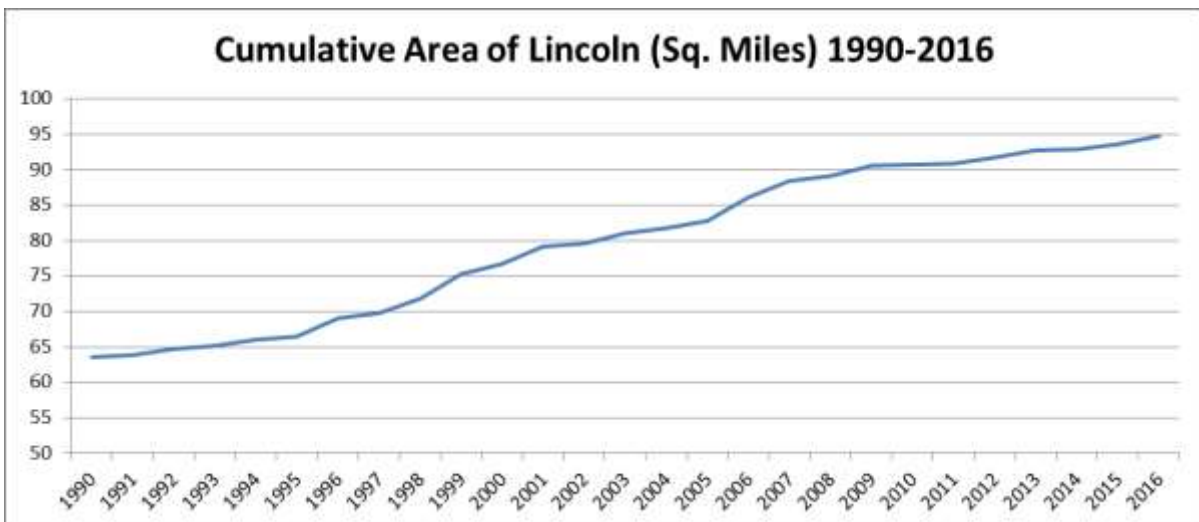
The green area of the graph is associated with apartment building permits. There is an inverse relationship between single family and apartment permits issued. When the number of residential permits decreases there has traditionally been an increase in the amount of apartment permits issued in subsequent years. Although low interest rates often make it possible for families to move from apartments by purchasing their own homes, these low rates also spur development of apartment units. The number of apartment building permits issued in the last two years outpaces any two-year rate in the last 10 years by a wide margin. In recent years, rapid growth in the population of Lincoln has supported both continued apartment construction and extensive residential development.

Both residential and commercial zoning must be approved by the City Council. This body frequently follows the recommendations of the Lincoln-Lancaster Planning Department and the citizen members of the Planning Commission. The Commission recently has been more favorably disposed toward growth and commercial development than in earlier periods. The acres annexed in the last few years, although not an accurate measure, gives an indication of the rate of growth in the community.



Year	Acres Annexed	Cumulative Area (Sq. Miles)
1990	143.2	63.59
1991	206.9	63.91
1992	475.2	64.66
1993	357.1	65.21
1994	563.8	66.09
1995	271.8	66.52
1996	1,628.2	69.06
1997	434.9	69.74
1998	1,339.5	71.84
1999	2,203.1	75.28
2000	870.0	76.64
2001	1,614.5	79.16
2002	300.4	79.63
2003	875.5	81.00
2004	474.7	81.74
2005	638.7	82.74
2006	2,104.4	86.02
2007	1,563.3	88.47
2008	408.3	89.11
2009	902.5	90.52
2010	92.7	90.66
2011	89.0	90.80
2012	614.8	91.76
2013	610.2	92.71
2014	109.1	92.88
2015	412.6	93.53
2016	788.1	94.76

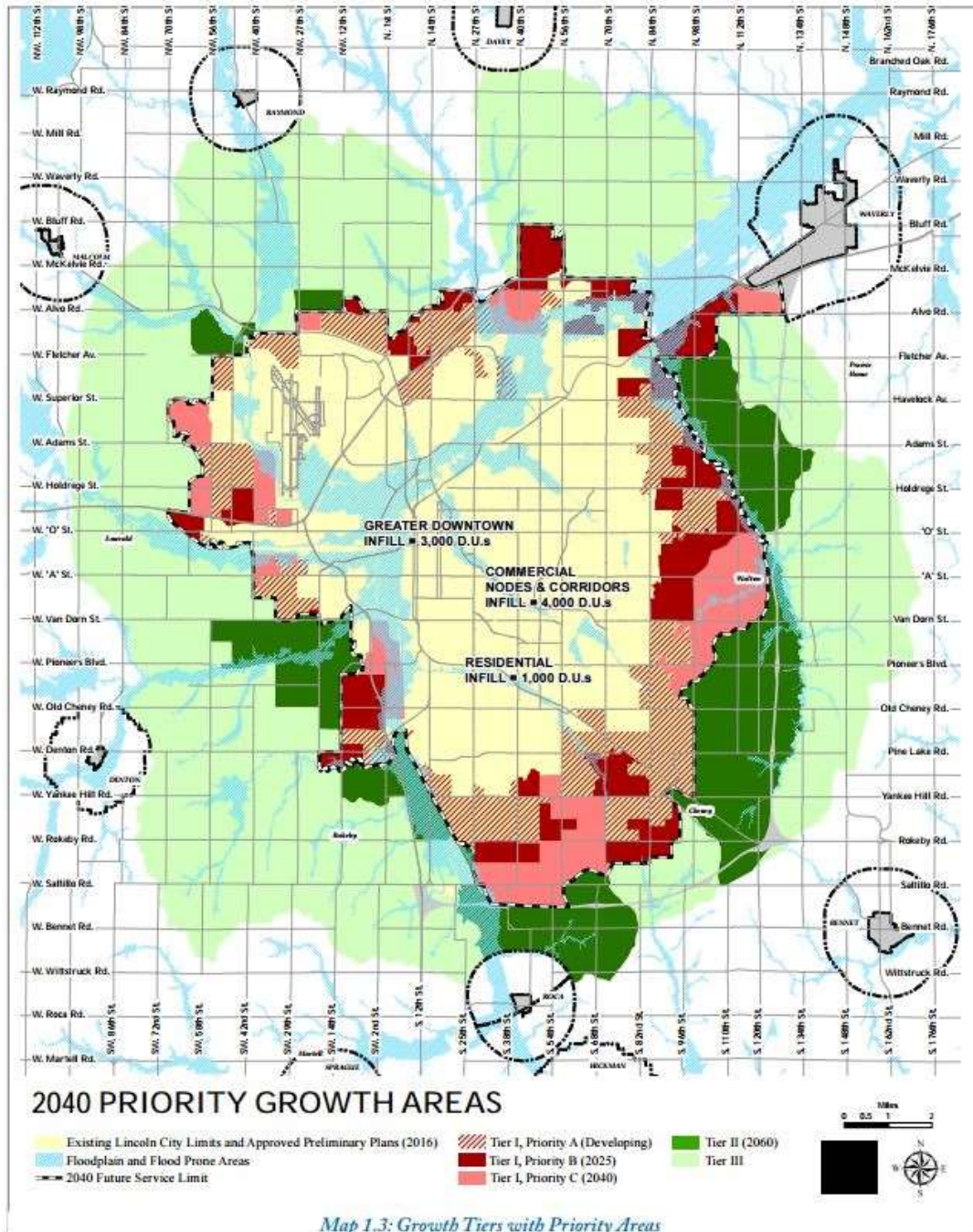
Source: City of Lincoln Planning Department



Lincoln's area has grown by more than 30% over the last 25 years. Over the last 25 years, it has expanded at a rate of about 1.23 square miles per year. The ten year average of expansion is 0.56 square miles per year. However, in the last five years Lincoln has been expanding at a rate of approximately 1.25 square miles per year. The rate of expansion can be attributed to a steady economy and overcoming limitations due to natural barriers.

The future activity of new housing construction will focus on the confidence of the public regarding employment, interest rates, and new mortgage instruments. As confidence in job stability increases and interest rates remain relatively stable, affordability will continue to create a base for new construction. Future building activity is closely linked to general economic factors, including interest rates and consumer confidence.

Long Term Growth Areas of Lincoln



The estimated future growth of Lincoln is shown on the map above. The majority of the 2025 and 2040 growth areas, which are shown in red on the map above, are located in the southern and eastern areas of Lincoln. Most of the proposed growth in the northern part of Lincoln is located around North 27th Street.

The majority of the 2060 growth, which is in dark green on the map above, is on the east side of Lincoln. The South-East Beltway system that will be located on the south and east sides of Lincoln will provide more access areas with growth. The South and East Beltways will also provide a natural barrier to future growth.

Transportation

Access to and from Lincoln is very good. There are multiple highways that travel in and out of Lincoln from different directions. Lincoln has arterial roads that are set up in a grid pattern. The major arterial roadways are spaced approximately a mile apart. The major arterials run north to south and east to west. There are no major freeways that run through the city, which can make travel through the city slow at times. The major roadways are at half-mile or mile increments. There are few diagonal roadways in Lincoln.

The major streets that run east to west, from north to south, are Havelock Avenue/Superior Street, Adams Street, Holdrege Street, O Street, A Street, Van Dorn Street, Pioneers Boulevard and Old Cheney Road. O Street, which divides Lincoln into the north and south sections, is part of Highway 34, which travels east and west through the center of Lincoln.

Additional arterials run north and south through the city, and are generally numbered. The main numbered streets, from west to east, are 14th, 27th, 40th, 56th, 70th and 84th. The streets are divided into a northern section and southern section by O Street.

There are some arterials that travel diagonally through Lincoln. These major roadways are Normal Boulevard, Capital Parkway, Cotner Boulevard, and Antelope Valley Parkway. Cornhusker Highway and Nebraska Highway also run diagonally; both roadways are parts of a larger highway system.

The Central Business District, which is between the streets of 9th Street to 17th Street as well as K Street to Q Street, is made up of one way streets to help with the large amount of traffic that travels through the Central Business District daily.

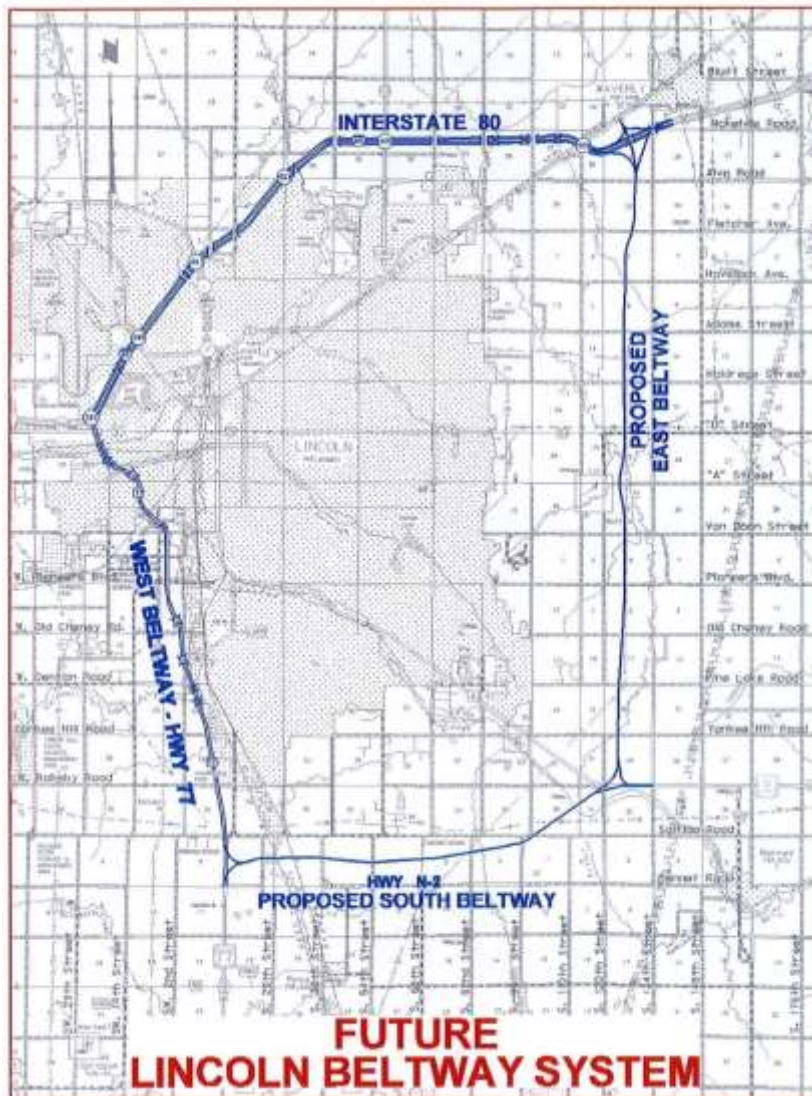
Antelope Valley Parkway travels along the east side of the University of Nebraska campus, and provides easy access to the Central Business District from the northern part of the Lincoln.

There are multiple highways that travel into Lincoln. Highway 77 is on the west side of Lincoln and travels north to south. Highway 6, also known as Cornhusker Highway, is on the north side of Lincoln, and travels from the northeast to the southwest. Highway 34, also known as O Street, travels from west Lincoln to east Lincoln. Highway 2, also known as Nebraska Highway is on the south side of Lincoln and travels from the southwest to the southeast.

Interstate 80, located on the north side of Lincoln, provides quick travel from the eastern part of Lincoln to the western part of Lincoln, while Interstate 180 provides quick access to Interstate 80 from the Central Business District. The state recently finished a decade-long project expanding Interstate 80 from four to six lanes between Highway 370 near Omaha and Highway 77 in west Lincoln.

Due to increasing traffic congestion as Lincoln continues to grow westward, the city is in the process of expanding Interstate 80 to six lanes from the Highway 77 interchange west to just past Northwest 56th Street. A diverging diamond interchange is being constructed at Interstate 80 and Northwest 48th Street, and is expected to be completed in 2016. This type of design, which will be the first of its kind in Nebraska, safely guides drivers to the opposite side of the road and back to eliminate left turns against traffic. Diverging diamond interchanges use less land and are less expensive than traditional designs.

The South Beltway is currently in the planning stages, with construction scheduled to begin sometime between 2020 and 2023, and expected to take about five to seven years. It will travel around the southern edge of the city approximately one half mile south of Saltillo Road, connecting Highway 2 and Highway 77. The East Beltway, which has no timeline for construction, will travel along the east side of Lincoln at approximately 130th Street, connecting the South Beltway and Highway 2 with the Highway 6/Interstate 80 interchange near Waverly. The goal of the Beltways is to limit the amount of truck traffic that needs to drive through Lincoln. Traffic will then be able to move around the outside of Lincoln, providing quicker and safer travels. Both beltways will be designed to freeway standards, similar to Interstate-80. The third phase of this project involves upgrading Highway 77 to freeway standards from Saltillo Road to Interstate 80, making a West Beltway.



Summary

Lincoln has experienced steady growth with a reasonably diverse economic base. City officials have set a policy of controlled land use growth to the east and south and are striving for growth to the west and north to ensure a concentric growth pattern and a healthy, attractive Central Business District in the center. While this has resulted in some favorable actions, the east and south are still the focus points of housing activity and have a large market share in retail sales. However, additional areas are being developed in the northwest and southwest parts of the city, which will contribute to a better concentric growth.

The diversity of industries in Lincoln has provided a platform for stable and sustainable growth. While Lincoln's mixed economy tends to cushion the economy during periods of recession, it does not include any rapidly growing industries. Therefore, during periods of strong growth in the national economy, Lincoln's economic growth tends to lag behind.

Another measure of the general strength of the Lincoln economy is the low unemployment rate. Lincoln's unemployment rate has historically been less than half the national rate over the last ten years. This is another result of the diverse economy. Major employment growth in Lincoln from 2005 to 2015 has been in the service industries. Lincoln's location for shipping and handling goods, plus the population growth, can help explain the growth in this sector of the economy, which in turn offsets leveling employment in government and slowing of the growth rate of the University of Nebraska.

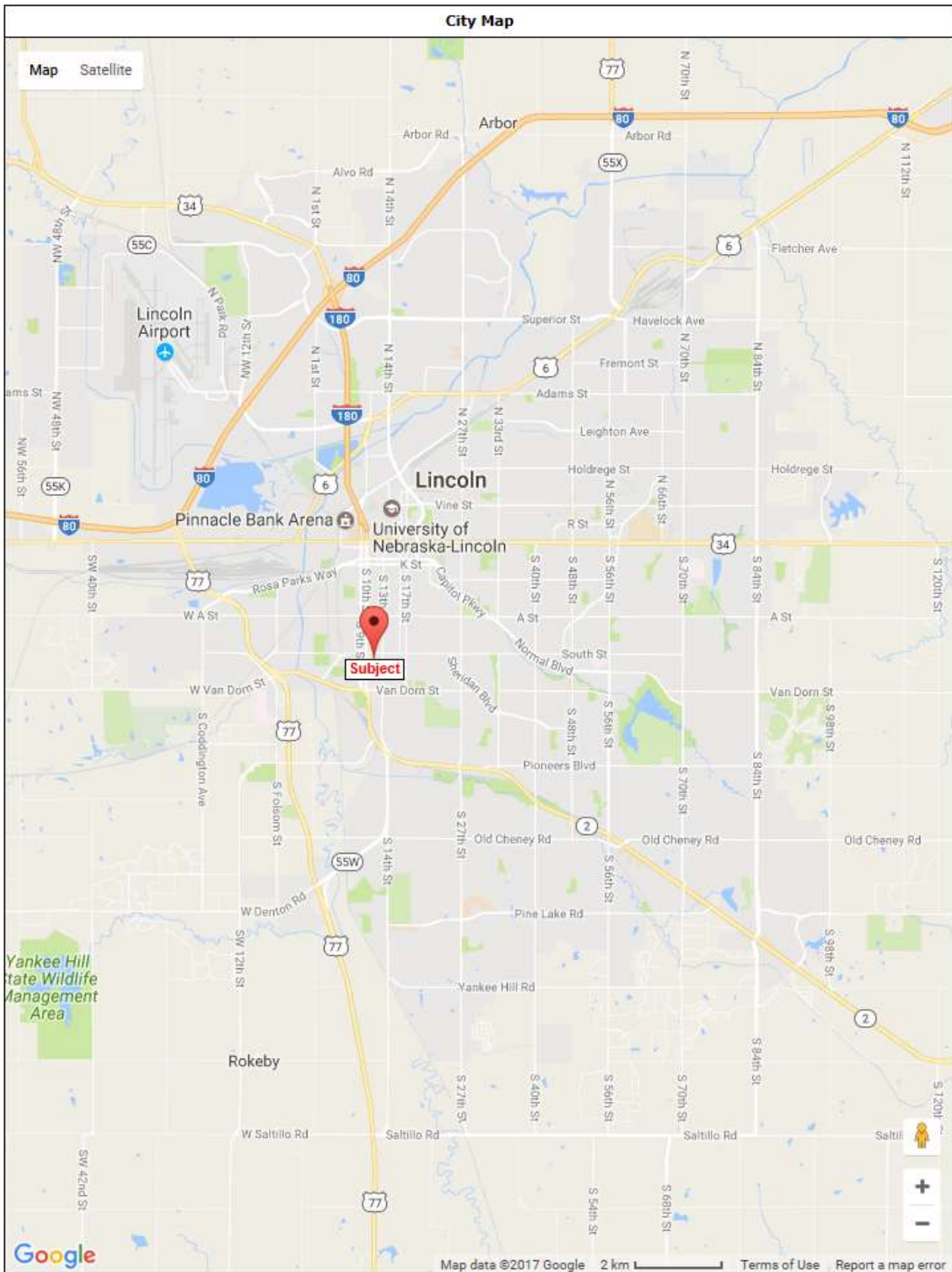
Tax incentives passed by the Nebraska Legislature should continue to encourage growth of new industry in the state, leading to additional demand for industrial properties. In addition, the City administration has taken a very aggressive attitude toward attracting new business and industry to the city. All these factors suggest that the real estate market will remain steady, with variations related to interest rates and investment strategies.

The subject's location is shown on the map of Lincoln on the following page.

Applicability to Subject Property

The subject's location within a developed area of southwest Lincoln is a positive influence. The steady growth and diverse economic base provides multiple opportunities for development.

City Map



NEIGHBORHOOD DESCRIPTION

The subject neighborhood includes an area between South 8th Street and South 18th Street and approximately one mile north and south of South Street. This area is approximately one and one-half miles south of the Central Business District of Lincoln. The area is a mixed-use neighborhood with primarily commercial/retail uses along South Street that developed as a commercial strip in the 1950's. Areas north and south of South Street include older residential areas with a mix of single-unit and multi-unit residential housing.

Major arterials in the neighborhood include: South Street, 13th Street, and the one-way pairs of 16th and 17th Streets, and 9th and 10th Streets. South Street is a four-lane street that runs east-west across the city. At major intersections in this area, South Street generally has a turning lane in addition to the four traffic lanes. It also has center medians at these intersections. The one-way pair of 16th and 17th Streets is southbound and northbound respectively from South Street north to the state fairgrounds. South of South Street, 17th Street is a two-way street until it terminates near Highway 2. Near the center of the neighborhood, 13th Street is a four-lane arterial from the University of Nebraska campus at R Street to Arapahoe Street on the south. Near the west edge of the neighborhood 9th and 10th Streets are another one-way pair connecting the downtown area with Highway 2 and south Lincoln.

The area is influenced by the presence of the health care facilities. Bryan Medical Center, with its associated medical office buildings and parking lots, occupies several city blocks south of South Street at St. Mary's Avenue. Lancaster Manor, the county's elder-care facility, is located at 10th and South Streets.

The area along the south side of South Street, between 10th and 13th Streets is the former site of a large hospital campus. At one time, the former hospital campus included a hospital building, nurses' dormitories, and an associated church. Some of the buildings have since been razed and others have transitioned in use. As a result of the former hospital campus location, 11th Street and 12th Street extend south from the Central Business District and through residential areas but end at South Street. Both 11th Street and 12th Street resume a few blocks south of South Street in residential areas.

Along the north side of South Street a strip mall has been developed with several shops which are now rented. There is additional commercial development along South 17th Street as far north as A Street. North of South Street, many of the neighborhood streets have scattered commercial use properties. The scattered commercial properties are generally older one- and two-level storefront commercial buildings.

Historically, the area has been a good commercial and retail area because of the traffic pattern of south Lincoln. The neighborhood is located between residences of south Lincoln and the Central Business District.

Historically there were two grocery stores at the corner of 17th and South Streets. Safeway closed in around 1980 and was subsequently renovated as a multi-tenant retail building. Hinky Dinky was also renovated and became a SunMart. The SunMart was demolished in 2015 in association with the planned construction of a parking garage for Bryan Medical Center. Current businesses located in the area tend to be service or destination oriented. Businesses located near the South Street corridor within the neighborhood include a mixture of specialty retail stores, fast food restaurants, convenience stores, hair salons, liquor stores, pharmacies, and banks.

The neighborhood includes generally dated improvements with some redevelopment beginning to occur. The redevelopment has been mostly concentrated along the area arterials and primarily along the South Street frontage. Specifically, between 9th and 10th Street and along the south edge of South Street several older improvements were recently razed to allow for two new properties to be built. The new improvements include an auto parts store and a fast food restaurant.

An older Kabredlo's convenience store located in the northeast corner of the South 9th and South Streets was also razed for the construction of a modern convenience store under the same name. The convenience store has since been purchased by a large chain of convenience stores.

Recently, several older residential improvements and retail improvements were razed at the northwest corner of the intersection of South 16th and South Streets for a CVS Pharmacy.

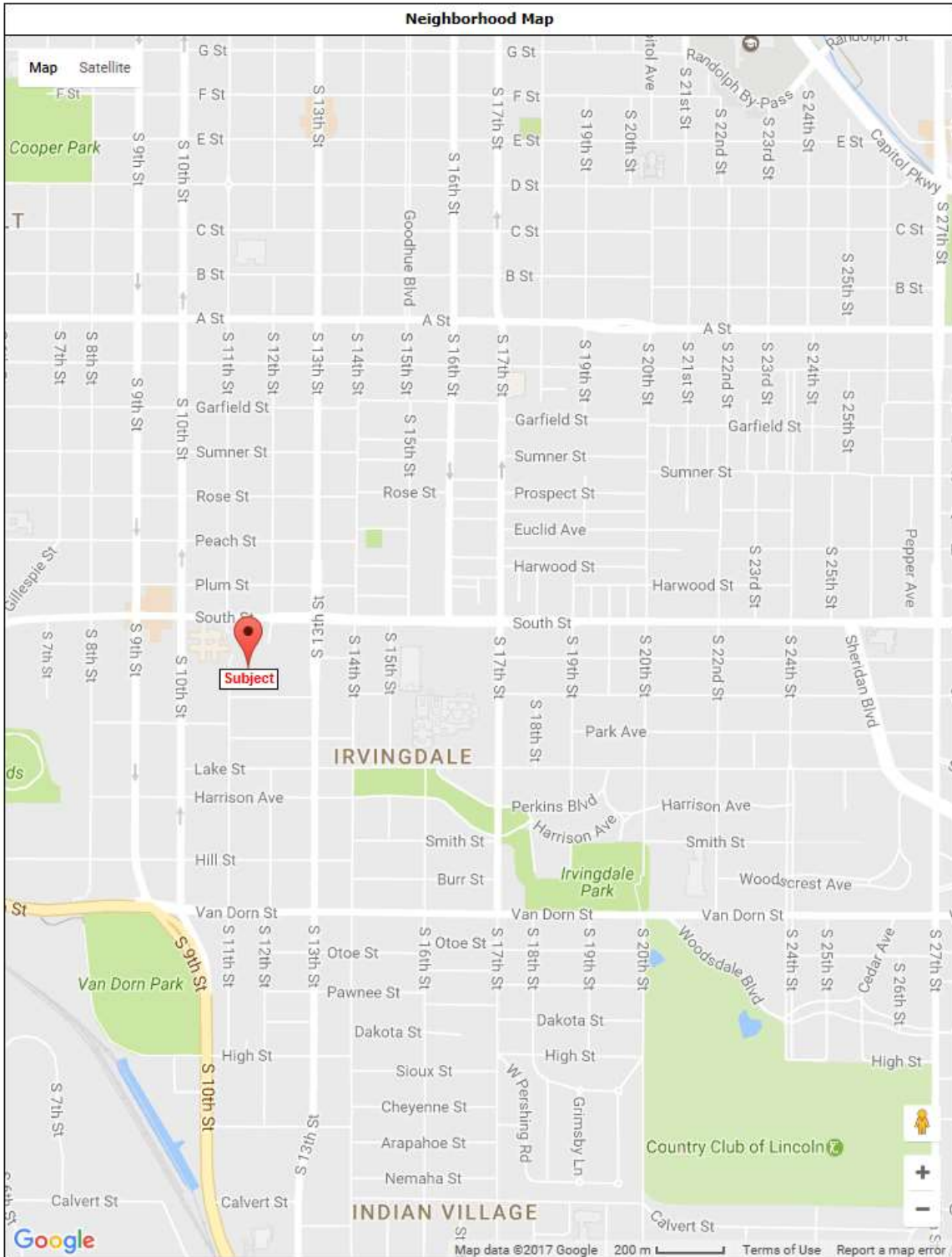
The residential development within the neighborhood is primarily older single-family homes. Many of the residential properties within the neighborhood are rental properties. Residential rental properties within the neighborhood include a mix of older single family houses and multi-family house conversion apartments; as well as some relatively newer multi-family projects constructed to accommodate the housing demand in the area. Occupancy in the area has been generally good, with increased demand for rehabilitated residential properties in the neighborhood.

Summary

The subject neighborhood is well located in relationship to the Central Business District and demand for commercial property is considered to be good. Vacancy in the area is typical of older commercial neighborhoods in Lincoln. In addition, the area is well serviced by arterial streets and places of employment area readily accessible.

Neighborhood photographs and maps showing the location of the subject property within the neighborhood is included on the following pages.

Neighborhood Map



Neighborhood Photographs



NEIGHBORHOOD PHOTOGRAPH: LOOKING WEST ALONG SOUTH STREET FROM INGRESS/EGRESS DRIVE LOCATED NORTH OF SUBJECT SITE. SUBJECT HAS ACCESS TO INGRESS/EGRESS DRIVE VIA AN EASEMENT AGREEMENT.



NEIGHBORHOOD PHOTOGRAPH: LOOKING EAST ALONG SOUTH STREET FROM INGRESS/EGRESS DRIVE LOCATED NORTH OF SUBJECT SITE. SUBJECT HAS ACCESS TO INGRESS/EGRESS DRIVE VIA AN EASEMENT AGREEMENT.

Neighborhood Photographs



NEIGHBORHOOD PHOTOGRAPH: LOOKING NORTH ALONG SOUTH 11TH STREET FROM INTERSECTION OF SOUTH 11TH STREET AND SARATOGA AVENUE.



NEIGHBORHOOD PHOTOGRAPH: LOOKING SOUTH ALONG SOUTH 11TH STREET FROM INTERSECTION OF SOUTH 11TH STREET AND SARATOGA AVENUE.

Neighborhood Photographs



NEIGHBORHOOD PHOTOGRAPH: LOOKING EAST ALONG SARATOGA AVENUE FROM INTERSECTION OF SOUTH 11TH STREET AND SARATOGA AVENUE.

SITE DESCRIPTION

The subject site is an irregularly shaped site located south of South Street. The subject site is set back approximately 350-feet south of South Street, between South 11th and South 12th Streets. The site has a street address of 2202 South 11th Street, Lincoln, Lancaster County, Nebraska.

According to the plat map, the site has a maximum east-west width of approximately 400-feet along the north and a maximum north-south depth of approximately 323-feet. According to the plat map, the total area of the subject site is 2.429 acres of 105,807 square feet.

The site includes frontage along Saratoga Avenue to the south, and South 11th Street to the west. The site includes limited visibility via South Street to the north, but access is via an easement agreement. The east edge of the site abuts a public school, and the west and north edges of the site abut a rehabilitation center. A church is located to the northeast.

According to the "Saint Francis 1st Addition" plat map, the subject site benefits from a public access and parking easement. The easement area is approximately 22,544 square feet and is located on the north adjacent property. The easement agreement provides the subject site access to South Street and access to 30 parking stalls located within the north adjacent site.

Primary access to the site is via South Street to the north. South Street is a four-lane bi-directional arterial street without medians in the areas of the subject site. Access via South Street is via an easement agreement which was retained when the subject site was replatted in 2010. Additional access to the subject site is via Saratoga Avenue to the south. Access is typical of other commercial sites in the area and visibility from the adjacent streets is considered to be adequate.

The site is at grade with the adjacent properties. The site is generally flat and drainage appears to be towards the edges of the site. The site is not located within the established floodplain and site drainage is estimated to be adequate.

The site is currently improved with a four-level structure with lower level. The footprint of the building includes covers 12,954 square feet, or 12% of the subject site. The land-to-building ratio is 1.90:1. The land coverage ratio is slightly lower than similar office properties in the area. However, the multi-level design of the improvements, with adequate parking areas for the multi-level building, the existing land-to-building ratio is considered to be typical and no excess or surplus land is considered to exist.

The improvements are located in the center of the site, with portions utilized as grass landscaping areas. The east and north portions of the site are dedicated to parking and access drive areas. The parking areas are paved with asphalt which is in average condition. Parking appears to be adequate for the present use. There are numerous concrete patios, sidewalks, and parking restraints within the site and additional driveways providing access to the improvement.

The subject site includes adequate areas for parking, including an allocated 150 parking stalls within the subject site and easement areas. The subject property appears to conform to the parking requirements of the R-4 Residential District with a Landmark Overlay and Special Permit.

The subject site is landscaped with multiple deciduous and coniferous tree plantings and bushes along the perimeters of the site. The landscaping has been effectively planted throughout the site.

The southern portion of the site is improved with a former tennis court. The tennis court is paved with concrete and is in poor condition. The tennis court includes 10-foot tall chain link fencing along the perimeter of the court. Additional site improvements include perimeter chain link fencing, light bollards, an exterior metal staircase providing access to the first level. Furthermore, a small wooden shed is located within the tennis court area. The shed is considered to have minimal contributory value.

All public utilities, including water, sanitary sewer, natural gas, electricity and telephone service, are available to the improved site. The utilities currently in place are adequate for the current and most potential uses of the parcel.

The subject area is an established development. The use of the subject site is generally consistent with other existing uses in the immediate area of the subject property.

In summary, the subject site is considered to be an adequate commercial/office site with adequate access and visibility, and is considered to be adequate for the existing improvements.

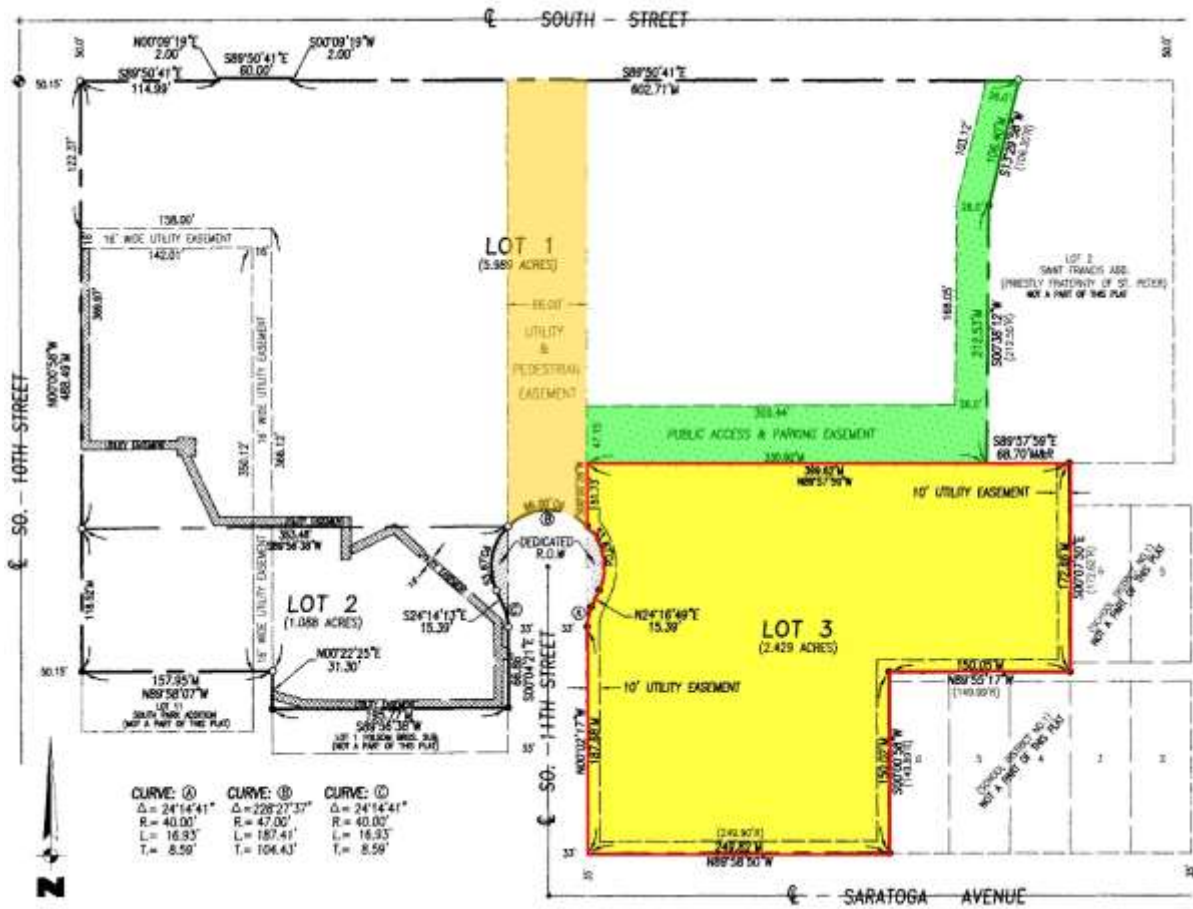
An aerial photo, plat map and site photographs have been included within the following pages.

Aerial Photo



The Aerial Photo was taken from the Lincoln/Lancaster County GIS Mapping Application. Red outlining was added by the analyst for illustration purposes only. The outline is for illustration purposes only and is not considered to be at scale. The subject property is outlined in red.

Plat Map



The Plat Map was taken from the Lancaster County Engineer's Office database. Red outlining, and yellow highlighted areas were added by the analyst for illustration purposes only. The outline is for illustration purposes only and is not considered to be at scale. The subject property is outlined in red and highlighted in yellow. The parking and access easement areas, which benefit the subject site, are highlighted in green and generally located to the north of the subject site.

The utility and pedestrian easement areas, which benefit the subject site, are highlighted in orange and generally located to the northwest of the subject site.

Easement Map



The Easement Map was provided by the client. Outlining, and highlighted areas were added by the client for illustration purposes only. The subject property is outlined in red. The parking and access easement areas, which benefit the subject site, are highlighted in green and generally located to the north of the subject site. The tunnels within the subject property are illustrated within the map in purple.

Site Photographs



SITE PHOTOGRAPH: LOOKING WEST ALONG NORTH EDGE OF SUBJECT SITE FROM NEAR THE NORTHEAST CORNER OF SUBJECT SITE.



SITE PHOTOGRAPH: LOOKING SOUTH ALONG EAST EDGE OF SUBJECT SITE FROM NEAR THE EAST INTERIOR CORNER OF SUBJECT SITE.

Site Photographs



SITE PHOTOGRAPH: LOOKING NORTH ALONG EAST EDGE OF SUBJECT SITE FROM NEAR THE SOUTHEAST CORNER OF SUBJECT SITE.



SITE PHOTOGRAPH: LOOKING NORTHWEST ACROSS SUBJECT SITE FROM NEAR THE SOUTHEAST CORNER OF SUBJECT SITE.

Site Photographs



SITE PHOTOGRAPH: LOOKING WEST ALONG SOUTH EDGE OF SUBJECT SITE FROM NEAR THE SOUTHEAST CORNER OF SUBJECT SITE.



SITE PHOTOGRAPH: LOOKING EAST ALONG SOUTH EDGE OF SUBJECT SITE FROM NEAR THE SOUTHWEST CORNER OF SUBJECT SITE.

Site Photographs



SITE PHOTOGRAPH: LOOKING NORTHEAST ACROSS SUBJECT SITE FROM NEAR THE SOUTHWEST CORNER OF SUBJECT SITE.



SITE PHOTOGRAPH: LOOKING NORTH ALONG WEST EDGE OF SUBJECT SITE FROM NEAR THE SOUTHWEST CORNER OF SUBJECT SITE.

Site Photographs



SITE PHOTOGRAPH: LOOKING SOUTH ALONG WEST EDGE OF SUBJECT SITE FROM NEAR THE NORTHWEST CORNER OF SUBJECT SITE.



SITE PHOTOGRAPH: LOOKING EAST ALONG NORTH EDGE OF SUBJECT SITE FROM NEAR THE NORTHWEST CORNER OF SUBJECT SITE.

Site Photographs



SITE PHOTOGRAPH: LOOKING SOUTH ALONG EASEMENT AREA FROM NEAR INGRESS/EGRESS VIA SOUTH STREET LOCATED NORTH OF SUBJECT SITE. EASEMENT AREA PROVIDES ACCESS/PARKING FOR THE SUBJECT SITE.



SITE PHOTOGRAPH: LOOKING NORTH ALONG EASEMENT AREA FROM NEAR NORTHEAST CORNER OF SUBJECT SITE. EASEMENT AREA PROVIDES ACCESS/PARKING FOR THE SUBJECT SITE.

Site Photographs



SITE PHOTOGRAPH: LOOKING NORTHWEST ALONG EASEMENT AREA FROM NEAR NORTHEAST CORNER OF SUBJECT SITE. EASEMENT AREA PROVIDES ACCESS/PARKING FOR THE SUBJECT SITE.



SITE PHOTOGRAPH: LOOKING NORTH ALONG ACCESS DRIVE LOCATED NEAR SOUTHEAST CORNER OF SUBJECT SITE. ACCESS DRIVE PROVIDES ACCESS TO SARATOGA AVENUE LOCATED ALONG SOUTHERN EDGE OF SUBJECT SITE.

Site Photographs



SITE PHOTOGRAPH: LOOKING NORTHWEST ACROSS EAST PORTION OF SUBJECT SITE. SHOWING TYPICAL PARKING AREAS OF SUBJECT SITE.



SITE PHOTOGRAPH: LOOKING NORTH ACROSS CENTRAL PORTION OF SUBJECT SITE. SHOWING CONCRETE PAVING IN CENTRAL PORTION OF SUBJECT SITE.

DESCRIPTION OF THE IMPROVEMENTS

The subject property was originally constructed in approximately 1928 as a nurses' residence for the former St. Elizabeth Hospital. In the early 1960's, the building was converted into office uses. The building is comprised of four levels, plus a lower level. The building has recognized various additions/renovations since the original date of construction.

The building is considered to include 42,781 square feet of above grade area, and a lower/garden level with 12,954 square feet; indicating a total gross building area of 55,735 square feet.

The following description is based on inspection of the existing building. The primary inspection was completed by Jason L. Pickerel, MAI on behalf of Great Plains Appraisal Company.

Physical Description: The construction features of the improvements are outlined below.

Foundation: Poured concrete and concrete footings.

Frame: The frame includes a concrete block/masonry brick bearing wall construction.

Floor Structure: The lower level floor structure of the building is concrete on grade. The upper levels floor structure is generally concrete on platforms supported by concrete block or brick walls.

Floor Cover: The floor coverings throughout the building include a combination of terrazzo flooring, ceramic tile, commercial grade carpet, vinyl tile and exposed concrete. Wood baseboards and vinyl base line a majority of the floor coverings. The storage areas generally include exposed concrete.

Ceiling: The ceiling finish is a mixture of painted plaster ceiling finish and acoustical tile finish. The mechanical and storage areas have exposed roof or floor structure.

Interior Finish: In the early 1960's, the building was converted into office uses. The interior finish of the building is generally dated to the 1960's.

The building includes four above grade levels and a lower/garden level. The building is "U" shaped. Each level of the building includes a main hallway which is "U" shaped. Private offices line the perimeter of the building and are accessed via the main hallway. Each level is access via a single pedestrian elevator and multiple stairwells. Access throughout the building through the central corridor and stairways is adequate.

The first through fourth levels include typical office finish which is considered to be in fair to average condition. Common halls are generally terrazzo flooring, with wood doors and wood framing/casings. Ceiling finish is primarily plaster or suspended ceiling finish with recessed fluorescent lighting. Walls are painted plaster walls. Restrooms include ceramic tile flooring and walls. Some of the plumbing fixtures have been removed in the shower areas of the restrooms. All areas have recessed fluorescent or incandescent lighting. Built-in cabinetry is adequate for the current use. Each level includes multiple restrooms. The center portion of the building includes a sunroom located along the south elevation of the building.

The lower level includes former daycare finished areas, storage areas, and private office finish. The lower level is considered to be a garden level. The lower level includes exterior access via multiple pedestrian doors. Furthermore, the lower level includes a former gymnasium which is 37-feet by 50-feet with a 20-foot by 17-foot stage area. The former gymnasium includes 14.50-foot ceiling heights.

The building includes a mechanical penthouse which is 41-feet by 25-feet or 1,025 square feet. The building also includes an elevator/roof access penthouse which is 204 square feet. The elevator/roof access and mechanical penthouses are excluded from the gross building area but are considered to be amenities to the subject property.

Plumbing: Each level includes plumbing fixtures. There are several general use restroom areas located near the hallway corridors within each level plus various sinks associated with the current use. The upper levels have several shower areas. Plumbing is considered to be adequate for the current use.

HVAC: The building includes a low-pressure steam heat boiler with circulating pumps to provide hot water to air handlers in various portions of the building. The office areas are cooled through an evaporation cooler "swamp coolers" system. The chiller and cooling tower are located on the roof of the building in the southeast portion of the building. Additionally, some of the office units include additional window-air units. The mechanical penthouse houses the boiler, hot water heaters, electrical panels, and air handlers for the HVAC system. According to the property representatives, the chiller, boiler, and cooling tower were installed in the 1980's and are in good condition.

Electrical and Lighting: Lighting for most areas of the building is recessed fluorescent or recessed incandescent. Adequate systems and distribution panels have been installed to serve the uses and functions for which the structure is intended. The electrical system is adequate for the current use with adequate lighting and outlets.

Exterior Walls: The exterior walls include a majority of masonry brick with some decorative stone. Exterior wall height is estimated to 12 feet on the above-grade elevations, with the lower level including a wall height of approximately 14-feet. The exterior of the subject is considered to be in adequate condition.

Doors/Windows: Interior doors are generally solid wood core doors within wood casing. The windows are generally original double hung windows. The exterior doors are generally wood doors with glass inserts within wood casing. Exterior windows line the elevations of the improvement.

Roof Structure/Cover: The roof is a modified asphalt roof cover reportedly installed in 2006. Drainage appears to be adequate. The roof includes an estimated steel deck. The building includes copper downspouts and gutters.

Layout/Functional Utility: Although originally constructed in 1928, the existing improvements appear to be functional and adaptable to a number of office uses. There are adequate pedestrian doors to provide access for this size building. The overall property is considered to have adequate efficiency and space utilization. The subject has typical appeal and provides for a functional layout to be desired by varying users. The building area is accessed via multiple stairwells and an elevator. The original elevator has a 2,000-pound capacity.

The third and fourth levels include inferior condition and utility compared to the first and second levels. The lower level includes former daycare finish, former gymnasium finish, and storage areas which are inferior to typical office finish areas. The lower level does include office finish and office units within the level. The lower level includes inferior condition and utility compared to the third and fourth levels.

The condition of the property is in fair to average condition. The subject improvements are over 89 years old and various portions of the building are in need of repair/maintenance. The construction type, layout, and size of the improvements present numerous functional issues. Renovation of the subject improvements to alternate uses would be required to overcome substantial development obstacles.

Physical Depreciation / Condition: The subject property was originally built in approximately 1928. In the early 1960's, the building was converted into office uses. The building has recognized various additions/renovations since the original date of construction. An addition to the southeast portion of the building was complete in approximately the 1980's. The addition included approximately the south 75-feet of the east wing of the building.

Various portions of the subject property are in need of repair and maintenance. The exterior of the subject is considered to be in adequate condition. Overall, the building is fair to average condition. The subject improvements are over 89 years old and in need of repair. The effective age of the improvements is estimated to be in the range of 35 to 40 years, with a total economic life of 50 years. Given adequate maintenance, the subject should remain a viable structure well into the foreseeable future. The annual maintenance has served to reduce the effective age compared to the actual age of the improvements.

Current Lease Information: The improvement is currently occupied by various departments of Lancaster County, or the State of Nebraska. Many of these agencies are considered to be related entities to the subject ownership. The subject ownership reported the property will be vacant within the near future. The contract lease analysis is analyzed within the Income Approach section of this report.

Summary

In conclusion, the improvements are considered to be in fair to average condition. The building would need upgrading in order to be marketable for any long-term future use. Access and visibility are adequate for office uses. No detrimental external influences were noted.

A perimeter sketch, and photographs are included within the following pages. The photographs were taken as of the effective date of this analysis, unless otherwise noted.

Subject Photographs



SUBJECT PHOTOGRAPH: LOOKING SOUTHWEST AT EAST EXTERIOR ELEVATION OF SUBJECT IMPROVEMENT.



SUBJECT PHOTOGRAPH: LOOKING SOUTHEAST AT NORTH EXTERIOR ELEVATION OF SUBJECT IMPROVEMENT.

Subject Photographs



SUBJECT PHOTOGRAPH: LOOKING SOUTHEAST AT WEST EXTERIOR ELEVATION OF SUBJECT IMPROVEMENT.



SUBJECT PHOTOGRAPH: LOOKING NORTH AT SOUTH EXTERIOR ELEVATION OF SUBJECT IMPROVEMENT.

Subject Photographs



SUBJECT PHOTOGRAPH: SHOWING TYPICAL PRIVATE OFFICE FINISH.



SUBJECT PHOTOGRAPH: SHOWING TYPICAL PRIVATE OFFICE FINISH.

Subject Photographs



SUBJECT PHOTOGRAPH: SHOWING TYPICAL BREAK AREA FINISH.

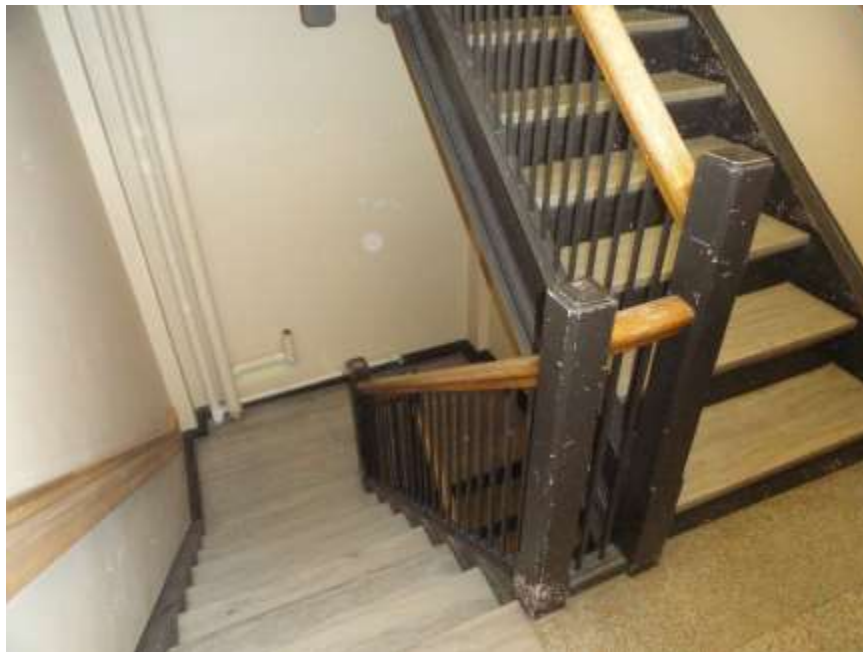


SUBJECT PHOTOGRAPH: SHOWING TYPICAL RESTROOM FINISH.

Subject Photographs



SUBJECT PHOTOGRAPH: SHOWING TYPICAL HALLWAY FINISH. SHOWING COMMON AREA.



SUBJECT PHOTOGRAPH: SHOWING TYPICAL STAIRWELL FINISH. SHOWING COMMON AREA.

Subject Photographs

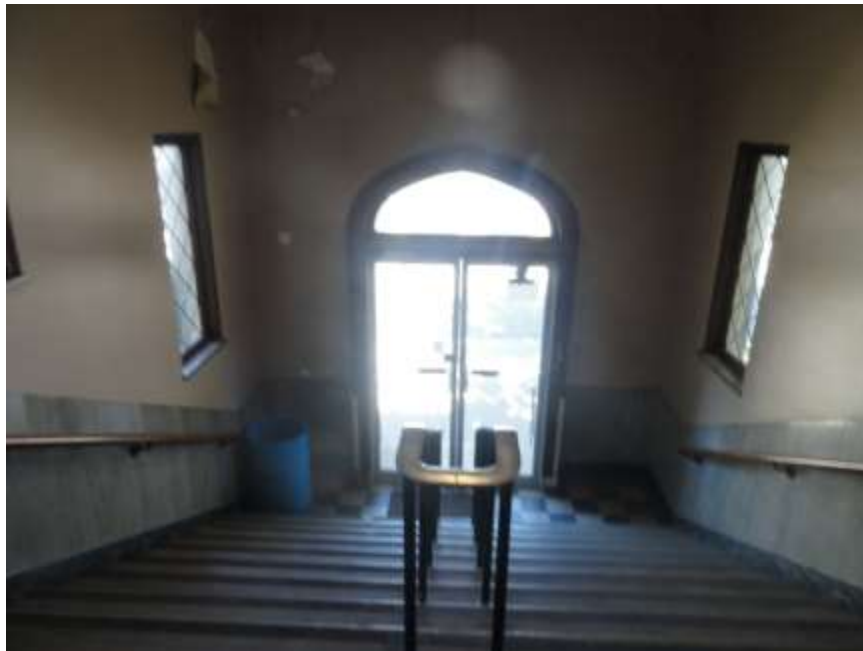


SUBJECT PHOTOGRAPH: SHOWING TYPICAL LOWER LEVEL FINISH.
SHOWING FORMER DAYCARE FINISH.



SUBJECT PHOTOGRAPH: SHOWING TYPICAL LOWER LEVEL FINISH.
SHOWING FORMER GYM FINISH.

Subject Photographs



SUBJECT PHOTOGRAPH: SHOWING MAIN ENTRANCE / VESTIBULE AREA.



SUBJECT PHOTOGRAPH: SHOWING MAIN ENTRANCE / VESTIBULE AREA.

Subject Photographs



SUBJECT PHOTOGRAPH: SHOWING PENTHOUSE MECHANICAL AREA.
SHOWING MECHANICAL ROOM FINISH.



SUBJECT PHOTOGRAPH: SHOWING PENTHOUSE MECHANICAL AREA.
SHOWING MECHANICAL ROOM FINISH.

Subject Photographs



SUBJECT PHOTOGRAPH: SHOWING TUNNEL AREA ACCESSED VIA LOWER LEVEL.



SUBJECT PHOTOGRAPH: SHOWING ROOF FINISH.

HIGHEST AND BEST USE

A property is always valued in terms of its highest and best use. The highest and best use of a property is defined as:

Highest and Best Use: *The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.*

Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

The rationale of highest and best use is that a property must have utility reflected through market demand to have a market function. In turn, function determines use, and use is a major determinant of value, in the context of current market forces.

In estimating highest and best use, following site analysis and improvements analysis, as applicable, an appraiser goes through essentially four stages of analysis:

1. **Legally Permissible Uses** - What uses are permitted under existing zoning and other land use regulations and controls, and under existing deed restrictions, for the subject property?
2. **Physically Possible Uses** - What uses are physically possible on the subject site or in the subject improvements, given the physical characteristics revealed by property analysis?
3. **Financially Feasible Uses** - Among legally permitted and physically possible uses for the subject property, which are appropriate given the characteristics revealed by market, neighborhood and property analysis? Which uses produce any net return to the owner, or a positive net present value?
4. **Maximally Productive Use** - Among appropriate or feasible uses for the subject property, which use will produce the highest present value?

Highest and Best Use: As If Vacant

Of all reasonable alternative uses, the highest and best use is the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The highest and best use of a property is based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements.

Legally Permissible Uses: The subject property is located within the City limits and is zoned R-4 Residential District, which allows relatively few uses that are income producing. One- and two-family dwellings, parks and playgrounds, public libraries, and public schools are permitted uses. Permitted conditional uses include churches, group homes, child care facilities, and domestic shelters. A special permit is required for community unit plans, health care facilities, mobile home courts, elderly or retirement housing, cemeteries, and some other uses.

According to the "Saint Francis 1st Addition" plat map, the subject site benefits from a public access and parking easement. The easement area is approximately 22,544 square feet and is located on the north adjacent property. The easement agreement provides the subject site access to South Street and access to 30 parking stalls located within the north adjacent site.

Resolution No. PC-01571 granted the subject property Special Permit No. 17030 on October 17, 2017; allowing for use of the subject property for 57,735 square feet of office space, or for up to 60 dwelling units, or for a combination of the two uses as approved by the Planning Director.

The subject property is located outside of the established floodplain and is not subject to floodplain restrictions. There appear to be no other significant constraints on the legal use of the property.

Physically Possible Uses: Physically, the size of the site is large enough for a number of the legally permissible uses with adequate parking and no other physical characteristics would limit the possibilities. The location in a mixed-use area with good access to main arterials suggests a commercial/residential utilization. Access and visibility are adequate for commercial/residential uses.

According to the "Saint Francis 1st Addition" plat map, the subject site benefits from a public access and parking easement. The easement area is approximately 22,544 square feet and is located on the north adjacent property. The easement agreement provides the subject site access to South Street and access to 30 parking stalls located within the north adjacent site.

Resolution No. PC-01571 granted the subject property Special Permit No. 17030 on October 17, 2017; allowing for use of the subject property for 57,735 square feet of office space, or for up to 60 dwelling units, or for a combination of the two uses as approved by the Planning Director.

Financially Feasible Uses: The size of the site and its location near main arterials, such as South Street and South 10th Street, in a developed area gives the property the exposure and visibility required for commercial/residential uses, and there is demonstrated demand in the neighborhood for additional mixed-use development. The best financial utilization of this exposure and visibility would be for a commercial development.

Maximally Productive Uses: Commercial uses have the highest land values in the area and thus represent the maximally productive uses of the subject property. The maximally productive use of the subject property would be the largest allowable building that would conform to the current zoning restrictions while taking advantage of the location near South Street and South 10th Street in a developed area.

The subject site is set back from South Street with a parking lot (non-common ownership) separating the subject site and the arterial. Therefore, a less intense use, such as an office use, would maximize the intensity of the subject property. Commercial uses have the highest land values in the area and thus represent the maximally productive uses of the subject property.

Highest and Best Use - As If Vacant: A commercial/office utilization is physically, legally, and financially feasible and is considered to be the maximally productive use of the site, and thus a commercial/office utilization is considered to be the highest and best use of the site.

Highest and Best Use: As Improved

The use that maximizes an investment property's value, consistent with the long-term rate of return and associated risk, is its highest and best use as improved.

Legally Permissible Uses: The subject property is zoned R-4 Residential District. The R-4 zoning allows relatively few uses that are income producing. The current improvements are consistent with the surrounding development and, with access to parking, meet the minimum area and parking requirements of the zoning district. The subject property benefits from the current zoning and no change of zoning is probable.

According to the "Saint Francis 1st Addition" plat map, the subject site benefits from a public access and parking easement. The easement area is approximately 22,544 square feet and is located on the north adjacent property. The easement agreement provides the subject site access to South Street and access to 30 parking stalls located within the north adjacent site.

Resolution No. PC-01571 granted the subject property Special Permit No. 17030 on October 17, 2017; allowing for use of the subject property for 57,735 square feet of office space, or for up to 60 dwelling units, or for a combination of the two uses as approved by the Planning Director. The subject property is designated as a Landmark. The subject office uses are considered to be an allowable use based on the special permit.

Physically Possible Uses: Physically, the size of the building is adequate for the current office finish. The subject improvement has been constructed for multi-tenant use. No other physical characteristics would limit the possibilities.

The footprint of the improvements covers 12,954 square feet of the 105,807-square foot site or a land coverage ratio of 12%. The land-to-building ratio is 1.90:1. The land coverage ratio is slightly lower than similar office properties in the area. However, the multi-level design of the improvements, with adequate parking areas for the multi-level building, the existing land-to-building ratio is considered to be typical and no excess or surplus land is considered to exist.

According to the "Saint Francis 1st Addition" plat map, the subject site benefits from a public access and parking easement. The easement area is approximately 22,544 square feet and is located on the north adjacent property. The easement agreement provides the subject site access to South Street and access to 30 parking stalls located within the north adjacent site.

The subject improvements are designed for an office-use and represent the potential highest and best use of the land. However, the subject building is showing significant signs of age and wear, and are considered to be nearing the end of their economic lives.

Physically, the subject improvements present numerous functional issues. The subject improvements are over 89 years old and do not possess many functional characteristics that modern office use properties include. The subject improvements are subject to significant depreciation. The third and fourth levels include inferior condition and utility compared to the first and second levels. The lower level includes inferior condition and utility compared to the third and fourth levels.

Overall, the building office areas include older/dated finish within portions of the building. Physically, the subject improvement could be adapted to very few alternate uses based on the construction of the building.

Financially Feasible Uses: The location of the subject property in a developed south Lincoln neighborhood with good arterial access and adequate visibility gives the property adequate exposure. The area has good access via major transportation routes to other commercial/retail centers and other employment centers. The subject property is adjacent to other similar development. The subject has older/dated office finish in most areas. The third and fourth levels include inferior condition and utility compared to the first and second levels. The lower level includes inferior condition and utility compared to the third and fourth levels.

The subject improvements are showing significant signs of age and wear, and are considered to be nearing the end of its economic live. Continued use of the existing improvement is considered to be a financially feasible use.

If completely renovated and refurbished, the value of the subject property could be increased to \$45.00 to \$55.00 per square foot of gross building area. However, the building is older and contains significant depreciation due to the age and condition of the facility. The estimated cost to renovate and refurbish the existing improvement is considered to be potentially prohibitive. Conversion to alternate uses of the existing improvement is not considered to be a financially feasible alternative.

The financially feasible use for the subject property as improved is for the continued general office use until that time when the value of the land less demolition costs exceeds the value of the property as improved or a feasible renovation/alteration plan is known.

Maximally Productive Uses: A commercial use including a commercial/office uses with supportive areas is legally permissible, and the subject improvements are designed for a commercial/office-use. The improvements contribute significantly to the value of the site. The remaining economic life of the improvements is substantial, and there is no immediate likelihood of redevelopment of the site.

Commercial uses have the highest land values in the area and thus represent the maximally productive uses of the excess site.

Highest and Best Use - As Improved: The subject improvements contribute substantially to the overall value and create the greatest income to the land. The market recognizes the utility of the improvements and they represent a use that maximizes the return to the land. The improvements are allowed in the zoning as amended by a special permit overlay. The use as a commercial/office-use building is considered to be maximally productive and the highest and best use of the subject property.

Until redevelopment occurs, the existing improvements are considered to be adequate to provide for a continued office use of the subject site.

The value of the property, as improved, exceeds the value of the land as an unimproved site, less uncalculated costs to remove the existing improvements.

APPROACHES TO VALUE

Those processes available for a comprehensive analysis of the value being sought are broadly characterized into three basic approaches: the Sales Comparison Approach, the Income Approach, and the Cost Approach. Under ideal circumstances, the three approaches can be employed in a classic form, each giving a somewhat independent indication of value. This is followed by correlation and conclusion of the three approaches and a final value conclusion.

Sales Comparison Approach

With the Sales Comparison Approach, a direct comparison of the property being appraised is made to other properties which have recently sold and have similar features. Dollar adjustments are made to reflect differences in features between the properties. Generally speaking, the Sales Comparison Approach is considered to be the most reliable of the three approaches as it directly measures the motivations of buyer and seller on a current basis. This is especially true with residential properties. The sales comparison approach is limited in reliability when the subject property is a highly specialized use property which is not often bought and sold in the subjects' market.

Cost Approach

The Cost Approach consists of the estimated replacement cost new of the improvements, from which all forms of accrued depreciation are deducted to arrive at a depreciated replacement cost. To the depreciated replacement cost is added the land value by the Sales Comparison Approach.

Physical depreciation encompasses that loss from the upper limit of value due to physical deterioration resulting from age, weather, and wear. Also in the Cost Approach is functional obsolescence, which if present, is a loss in value due to a lack of market acceptance resulting from poor or out-dated improvement design.

The economic feasibility of repairing or updating either the functional or physical depreciation determines if either of the above described is curable or incurable.

Economic obsolescence, the final form of depreciation which is considered in the Cost Approach, is seldom curable because it results from influences outside the property itself.

The Cost Approach tends to indicate value by a form of history which depicts what the improvements would cost new to replace and then deducts for the ravages of age and changing time.

Income Approach

Whereas the Cost Approach tends to begin at a starting point in the past and bring current, the Income Approach tends to look from the present position into the future by measuring the present worth of future projected income.

Critical to the Income Approach is an estimated economic rent based upon comparable situations, and an estimated typical rate of return on and of the property. To arrive at net income, estimated expenses are deducted from the gross property income. The net income is then correlated into an indication of value. This method is most pertinent to investment/income producing properties and considers a property's worth in relation to its ability to produce a net income.

Summary

Each of the three approaches will be implemented when sufficient data are available to give a meaningful indication of value. Variations from or a combination of these approaches may be used if deemed applicable to the circumstances of the property.

Cost Approach

The cost approach to value generally provides a good indication of value for newer and special-use properties. The major limitation in this approach is the estimation of depreciation and obsolescence on properties that are not new. The subject improvements were originally constructed in 1928. Subsequent additions/renovations have extended the useful life of the structure. Depreciation and obsolescence are difficult to extract from the market, and these estimates tend to be subjective. Therefore, the cost approach is not considered necessary to provide for reliable indication of the subject's value.

Sales Comparison Approach

There is substantial market sales data available relative to the subject property. A detailed Sales Comparison Approach will be completed and emphasis will be given to the Sales Comparison Approach in the *Reconciliation of Value* section of this appraisal report.

Income Approach

Because much of the emphasis on income producing property is directly related to the income and expense potential of the subject improvements, most investors would rely heavily on the Income Approach.

There is substantial market income and expense data available relative to the subject property. A detailed Income Approach will be completed and emphasis will be given to the Income Approach in the *Reconciliation of Value* section of this appraisal report.

SALES COMPARISON APPROACH

The Sales Comparison Approach is a process of comparing market data; that is, prices paid for similar properties.

Market data, when carefully verified and analyzed, are good evidence of value since they represent the actions and reactions of sellers, users, and investors.

In applying the Sales Comparison Approach, an appraiser takes five steps:

1. Seeks out similar properties for which pertinent sales, listings, and data are available.
2. Qualifies the prices as to terms, motivating forces, and bonafide nature.
3. Compares each comparable property's important attributes with the corresponding ones of the property being appraised, under the general division of time, location, and physical characteristics.
4. Considers all dissimilarities in terms of their probable effect upon the sale price.
5. Formulates an opinion of the relative value of the property being appraised, as compared with the price of each comparable property.

Thus, although individual sales may deviate from the market norm, a sufficient number tend to reflect the pattern of purchasers and sellers in the market. When sufficient information is available in the current market, the resulting pattern is a good indication of value. Many of the market sales utilized are located in similar locations with highest and best uses which are similar to the subject property.

The Sales Comparison Approach will consider the gross building area of the subject property. The building contains 12,954 square foot on the lower level, 10,864 square feet within the first level, and 10,639 square foot on each of the upper three levels for a gross building area of 55,735 square feet.

The subject property includes a 1928 built, four-level, plus lower level improvement. The improvement includes one elevator and multiple stairways throughout the improvement.

The mechanical and elevator/roof access penthouses are excluded from the gross building area but are considered to be amenities to the subject property.

It should be noted, there have been few sales of large office buildings within the local market within the last few years. The following sales are considered to be similar to the subject property, in light of all the circumstances that affect the subject property and the comparable sales.

SALE NO. 1
LOCATION: 245 South 84th Street, Lincoln, NE
GRANTOR: US Global Service, LLC
GRANTEE: BCLINC, LLC
LEGAL DESCRIPTION: Lot 1, Cherry Hill Office Park, Lincoln, Lancaster County, Nebraska
INSTRUMENT: Warranty Deed
INSTRUMENT NO.: 2017-014622
DATE OF SALE: April 12, 2017
DATE RECORDED: April 12, 2017
REVENUE STAMPS: \$5,850.00
SALE PRICE: \$2,600,000
LOT SIZE: 99,744 square feet
ZONING: B-2 Planned Neighborhood Business District
BUILDING SIZE: 43,785 square feet (includes 10,251 square feet within walkout lower level)
SALE PRICE/SF: \$59.38
CONFIRMATION: 17-0116 GPA RECORD: 2087
COMMENTS: The property is located near the southwest corner of South 84th Street and O Street in east Lincoln. This building was originally constructed in 1977. The building includes three levels plus a walkout lower level. The building includes a one elevator and three stairwells which access each level. Each level includes wall heights of 10 feet. The building has been well maintained and is in average condition at the time of sale. The site is bisected by Cherry Hill Boulevard (private road and access easement) which is a primary roadway throughout the development, thus limiting 14,750 square feet of the site. The property has a useable area of 84,994 square feet. The property is not located within the floodplain.

The multi-tenant property is currently leased to multiple tenants that occupy 90% of the leasable space. Two units, totaling 2,112 square feet, are vacant and two units, totaling 1,685 square feet, are currently being utilized by the property manager for maintenance and office purposes. In total, 3,797 square feet, 10% of the leasable space, is vacant or utilized by the property manager. The property previously sold February 10, 2017 for \$1,975,000. Based on market information made available to the analyst, the February 10, 2017 sale is not considered to be at arm's length, or at market levels.



SALE NO. 2
LOCATION: 216 North 11th Street, Lincoln, NE
GRANTOR: Lincoln Commercial Club, LLC
GRANTEE: CAS-NEB-NEDA, LLC
LEGAL DESCRIPTION: he North 72 feet of the West 47 feet of Lot 7, Block 36, Original Lincoln, Lancaster County, Nebraska
INSTRUMENT: Limited Liability Company Warranty Deed
INSTRUMENT NO.: 2016-028476
DATE OF SALE: July 14, 2016
DATE RECORDED: July 18, 2016
REVENUE STAMPS: \$1,575.00
SALE PRICE: \$700,000
LOT SIZE: 3,384 square feet
ZONING: B-4 Lincoln Center Business District
BUILDING SIZE: 13,536 square feet (does not includes a lower level)
SALE PRICE/SF: \$51.71
CONFIRMATION: 17-0141 GPA RECORD: 2088
COMMENTS: This is the sale of an office property located in Lincoln's Central Business District. The building was constructed in 1915 and is estimated to have been in average condition at the time of sale. The property is located along North 11th Street, between P Street and Q Street. The property includes visibility and frontage on North 11th Street. The building includes an elevator. The property is not located within the floodplain. The vacant property will reportedly be a part of a new commercial mixed-use development with an adjacent property.



SALE NO. 3
LOCATION: 401 South 21st Street, Lincoln, NE
GRANTOR: Windstream Nebraska, Inc.
GRANTEE: 401 Building, LLC
LEGAL DESCRIPTION: Lots 1, 2, 3, 4, 5, and 6 except the north 10 feet thereof and all of Lots 7, 8, 9, Block 2, McMurtry's Addition AND Lot 6, except the south .36 feet thereof, and all of Lots 1, 2, 3, 4, and 5, Cadwallader's Subdivision of Outlot 2 of McMurtry's Addition AND portion of the east-west alley AND portions of Lot 1, Block 6, Avondale Addition AND Lots 2, 3, 4, 5, and 6, Block 6, Avondale Addition AND The east 38 feet of Lot 46, Boggs and Holmes Addition, all in Lincoln, Lancaster County, Nebraska
INSTRUMENT: Special Warranty Deed
INSTRUMENT NO.: 2016-008922
DATE OF SALE: March 10, 2016
DATE RECORDED: March 14, 2016
REVENUE STAMPS: \$8,777.25
SALE PRICE: \$3,900,829
LOT SIZE: 114,617 square feet
ZONING: B-4 Lincoln Center Business District
BUILDING SIZE: 75,042 square feet (includes 19,005 square feet within lower level)
SALE PRICE/SF: \$51.98
CONFIRMATION: GPA RECORD: 2023
COMMENTS: The property is located at the southwest corner of South 21st Street and K Street near the east edge of the CBD in a redeveloping area called EaDo. This building was originally constructed in 1971 and includes three levels plus a lower level. The building includes a loading dock, and two elevators which access each level. Each level includes wall heights of 13 to 15 feet. The lower level is only accessible via elevator/stairs and includes office finish. The building was designed with limited exterior windows for original user of the property. The property was purchased for redevelopment. After the sale, the buyer filed a \$7,000,000 building permit for renovation of the property. The property is entirely located within the 500-year floodplain.

According to CoStar, the property was listed with NAI FMA Realty at the time of sale and was exposed to the market for 41 months and 5 days with an original list price of \$6,400,000. The sale price is well below the list price, indicating there may be some seller motivation attributed to the sale, but this motivation is difficult to quantify. Additionally, the sale of this property was contingent on a potential buyer purchasing two additional properties in the area.



SALE NO. 4
LOCATION: 4435 O Street, Lincoln, NE
GRANTOR: UNICO Group, Inc.
GRANTEE: Crown Plaza, LLC
LEGAL DESCRIPTION: Lots 9, 10, 11, Witherbee Gardens, Lincoln, Lancaster County, Nebraska, EXCEPT those portions deeded to the City of Lincoln, Nebraska in Corporation Warranty Deed recorded June 22, 1961 in Deed Book 630, Page 337, and Warranty Deed recorded April 27, 2006, as Instrument Number 2006-019597 in the office of the Register of Deeds of Lancaster County, Nebraska, AND Lots 1 and 3, Gardens Complex Addition, Lincoln, Lancaster County, Nebraska AND Lot 238 of Irregular Tracts in the Northwest Quarter of Section 29, Township 10 North, Range 7 East of the 6th P.M. Lincoln, Lancaster County, Nebraska
INSTRUMENT: Warranty Deed
INSTRUMENT NO.: 2016-006086
DATE OF SALE: February 18, 2016
DATE RECORDED: February 19, 2016
REVENUE STAMPS: \$3,600.00
SALE PRICE: \$1,600,000
LOT SIZE: 55,698 square feet
ZONING: O-2 Suburban Office District
BUILDING SIZE: 25,436 square feet (does not include a lower level)
SALE PRICE/SF: \$62.90
CONFIRMATION: 16-0126 GPA RECORD: 1964
COMMENTS: This building is located in east central Lincoln between South 44th Street and South 45th Street, with frontage along O Street but access is indirect. A majority of the building, including approximately 20,876 square feet was constructed between 1981, with an additional 4,560 square feet added in 2001. The building includes an elevator. The building is not located within the floodplain.



SALE NO. 5
LOCATION: 650 J Street, Lincoln, NE
GRANTOR: William D. and Beverly K. Livengood
GRANTEE: KDMC, LLC
LEGAL DESCRIPTION: Condominium Unit Nos. A-001, A-101, A-201 and A-301, Mill Towne Condominium, a condominium, Lincoln, Lancaster County, Nebraska; in accordance with the Declaration of Mill Towne Condominium, recorded March 4, 1996 as Instrument Number 1996-007497; amended by First Amendment to Declaration of Mill Towne Condominium, recorded May 29, 2007, as Instrument Number 2007-026362 in the records of Register of Deeds, Lancaster County

INSTRUMENT: Warranty Deed
INSTRUMENT NO.: 2015-005287
DATE OF SALE: February 07, 2015
DATE RECORDED: February 11, 2015
REVENUE STAMPS: \$2,407.50
SALE PRICE: \$1,070,000
LOT SIZE: 39,300 square feet
ZONING: I-1 Industrial District
BUILDING SIZE: 24,081 square feet (does not include a lower level)
SALE PRICE/SF: \$44.43
CONFIRMATION: 15-0149 GPA RECORD: 1845

COMMENTS: This building was constructed in about 1918 as a lumber mill, but has been completely renovated (2006) for office use. The site area is an allocated area of 39,300 square feet. The property includes access to common parking areas. Interior finish is above typical with extensive use of oak trim, doors, sidelights, glass suite doors and crown moldings. The property was in good condition at the time of sale. The property is sprinkled. There is a shared conference room and kitchenette for use by building tenants. Restrooms are also shared throughout the building.

The property has been on/off the market since May of 2010 at list prices of \$1,565,000, \$1,400,000, and a most recent list price of \$1,200,000 prior to the sale. The property was listed on LoopNet for 1,736 days. The extended marketing period appears to be due to above market list prices. The transfer is a 1031 exchange, however, due to the extended marketing period, the transfer appears to be at arm's length. The building is not located within the floodplain.



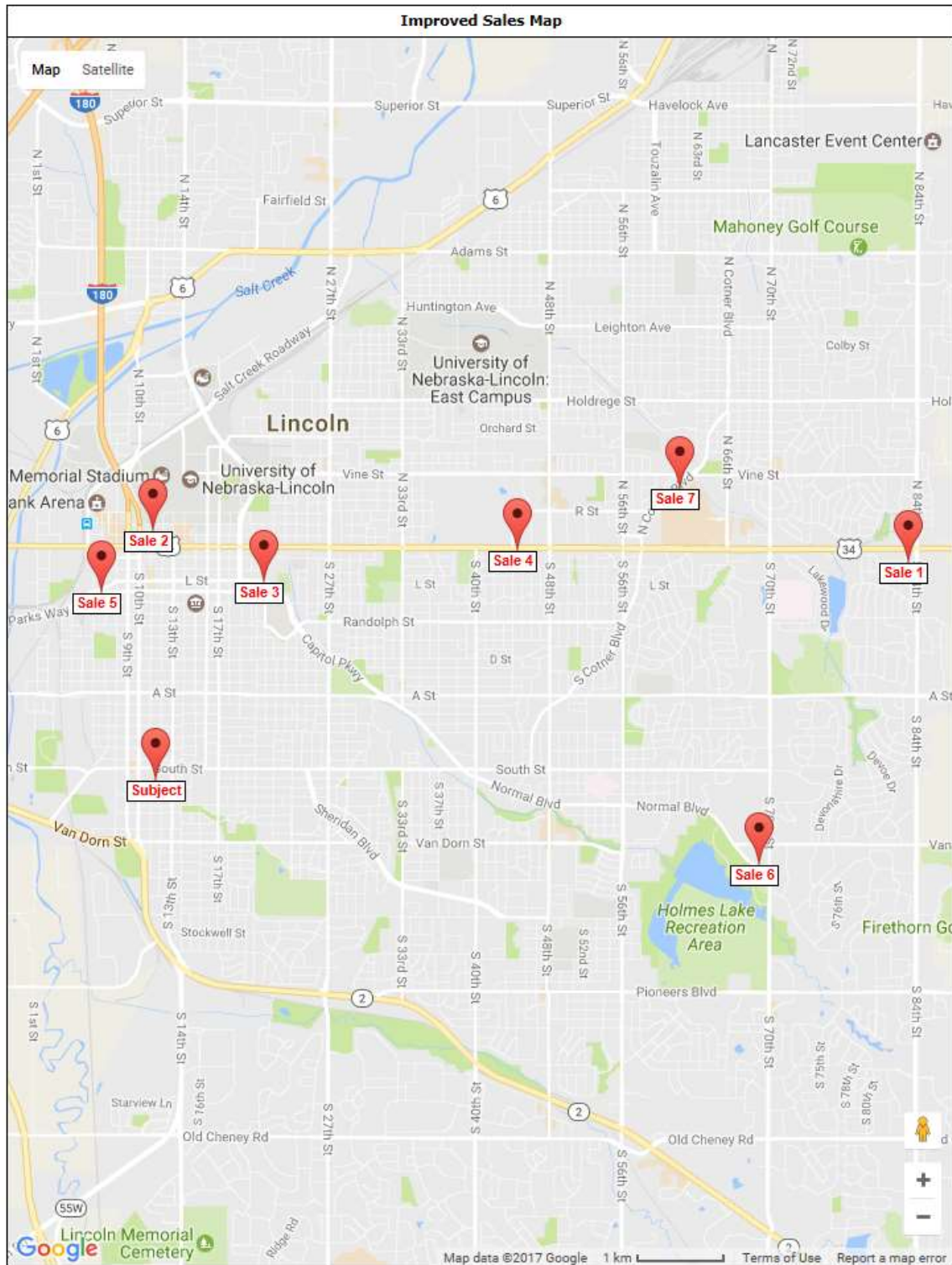
SALE NO. 6
LOCATION: 6800 Normal Boulevard, Lincoln, NE
GRANTOR: KSA, LLC
GRANTEE: 3732 Holdings, LLC
LEGAL DESCRIPTION: Lot 132, Irregular Tracts located in the Northeast Quarter of Section 4, Township 9 North, Range 7 East of the 6th P.M., Lancaster County, Nebraska
INSTRUMENT: Warranty Deed
INSTRUMENT NO.: 2013-022964
DATE OF SALE: May 01, 2013
DATE RECORDED: May 03, 2013
REVENUE STAMPS: \$2,047.50
SALE PRICE: \$910,000
LOT SIZE: 34,068 square feet
ZONING: O-2 Suburban Office District
BUILDING SIZE: 13,645 square feet (includes 4,758 square feet within lower level)
SALE PRICE/SF: \$66.69
CONFIRMATION: 14-0366 GPA RECORD: 1768
COMMENTS: This property is located across the street from Holmes Lake Park. The reinforced concrete exterior improvement was constructed in 1978. The lower level included a two-level 924-square foot handball court and locker room area. The building includes two levels plus a finished garden/lower level. The first level is 3,918 square feet, the second level is 4,969 square feet, and the lower level is 4,758 square feet. The building is not sprinkled and does not include an elevator. Some of the upper level office units include individual balconies. The property was primarily owner occupied with some month-to-month leases at the time of sale. According to building permit records, the building is currently being remodeled at a cost of \$250,000. The property is located outside the boundaries of the established floodplain.



SALE NO. 7
LOCATION: 700 North Cotner Boulevard, Lincoln, NE
GRANTOR: Nationwide Mutual Insurance Company
GRANTEE: Glenbrook, LLC
LEGAL DESCRIPTION: Part of Lot 1, Block 1, Gateway Terrace, (Amendatory Plat) Lincoln, Lancaster County, Nebraska (full legal description retained in the files of Great Plains Appraisal, Inc.)
INSTRUMENT: Special Warranty Deed
INSTRUMENT NO.: 2012-033563
DATE OF SALE: July 11, 2012
DATE RECORDED: July 16, 2012
REVENUE STAMPS: \$3,431.25
SALE PRICE: \$1,525,000
LOT SIZE: 109,708 square feet
ZONING: B-5 Planned Regional Business District
BUILDING SIZE: 48,523 square feet (includes 16,261 square feet within lower level)
SALE PRICE/SF: \$31.43
CONFIRMATION: 17-0141 **GPA RECORD:** 1362
COMMENTS: The property includes 32,262 square feet within the first level and 16,261 square feet within the lower level. The office building includes an elevator, multiple stairwells throughout the building, and is sprinkled. The property was on the market for roughly two years, with an initial asking price of \$2,600,000. This building was vacant at the time of the sale. The property was previously a call center. The building was remodeled in 2003-2005, with the roof replaced in 2007. The seller vacated the building to consolidate office locations. The buyer was attracted to the property for speculation. The property is not located within the floodplain.



Improved Sales Map



Explanation of Sales Comparison Analysis

The comparable sales outlined here illustrate varying characteristics. The sales are all located in the Lincoln market. The following grid illustrates the adjustments made for dissimilarities between the sales and the subject for the following factors.

Property Rights: Sales which include anything less than a transfer of the value equivalent of Fee Simple Estate must be adjusted to reflect the actual rights which were transferred relative to the subject property rights being appraised. None of the other comparable sales required this adjustment.

Financing: Sales which transferred with other than market financing are adjusted based on the impact of any non-market financing. All of the sales sold for cash or the equivalent of cash. Therefore, no adjustments are required.

Conditions of Sale: The subject property is appraised based on a marketing time of 12 to 24 months. Typically, sales which were subject to conditions other than those of a typical market transaction are adjusted accordingly. An adjustment for conditions of sale usually reflects the motivation of either a buyer or seller who is under undue duress to complete the transfer. Sales which include any non-typical motivation can potentially significantly affect sales prices. Values associated with site improvements decrease the overall cost of development, thus the sale is adjusted downward to reflect this value included in the sale. This adjustment can also consider any excess land, or pad sites, included in a sale which is non-typical for the market. Adjustments can be either positive or negative. None of the comparable sales required this adjustment.

Expenditures Made Immediately After Purchase: A typical buyer considers expenses that will be required after a transfer because these expenses affect the price a buyer is willing to pay. These expenses can include costs to cure deferred maintenance, costs to demolish or remove portions of improvements, costs for additions or improvements to a property, costs associated with zoning changes or special permits, and costs for remediation of contamination. Generally, a cost incurred by the purchaser after the sale is reflected as a positive adjustment to the sale price. None of the sales required this adjustment.

Market Conditions: The sales all occurred between 2012 and current. The market is considered to have remained stable during this period and no time adjustment is considered appropriate.

Location: The location of a property has an effect on its desirability. The subject property is located in an average location in southwest Lincoln. Sales located in less desirable areas are adjusted upward for location, while sales in superior locations are adjusted downward. Locations in more remote locations are considered inferior, and locations near more intense commercial developments are considered superior.

Building Area: The subject property consists of a five-level office building, and has a building area of 55,735 square feet. Smaller buildings tend to sell for more per square foot because there are more available buyers. Conversely, larger buildings tend to sell for less per square foot. Therefore, adjustments are made for the size differences as appropriate. Properties with gross areas generally between 30,000 and 80,000 square feet are considered similar to the subject property. Only modest adjustments are considered to be applicable.

Age/Condition/Quality of Construction: The subject property was originally constructed in 1928. The subject improvement is in fair to average condition. Adjustments are made for the differences in construction based on observation. Age/condition/quality of construction adjustments have been made for differences in actual age and/or condition.

Access and Visibility: This adjustment considers the traffic flows past the comparable properties as compared to the subject. Sales with superior or inferior access or visibility are adjusted for those differences.

Site: Size/Utility/Parking: The subject is considered to be a typical sized lot, with average site utility and off-street parking. Sales which are superior or inferior in site characteristics relative to the subject property are adjusted accordingly. The subject property has a coverage ratio of 12% and a land to building ratio of 1.90:1. The subject coverage ratio is lower compared to suburban office properties, but the subject site has a multi-level building and no excess land is considered to exist.

Floodplain: The subject property is not considered to be affected floodplain restrictions. Parcels unaffected by floodplain considerations are considered to be similar. Parcels which are influenced by any floodplain considerations are adjusted upward to reflect the added costs of insurance/development to meet floodplain requirements.

Functional Utility: The subject property is a five-level structure and is functional as a multi-tenant office use property. Adjustments have been made for differences in the functional utility of the comparable properties. This adjustment can reflect both the convertibility of each comparable, as well as any amenities which each comparable possesses including the level of interior finish.

Zoning/Use: The subject property is zoned R-4 Residential District with a Landmark District and Special Permit Overlay. The current office-use is an allowable use within the zoning as amended by the special permit. Industrial and office zoning districts are viewed to be inferior to business zoning districts. The zoning and the current use of each building is taken into consideration within this adjustment.

Net Adjustment: The adjustments are summed to arrive at the overall net adjustment. This adjustment is then applied to the sale price per square foot to indicate a per-square-foot value for the subject property.

Comparable Sales Illustrative Adjustment Grid

	SUBJECT 2202 SOUTH 11TH STREET LINCOLN, NE	SALE 1 245 SOUTH 84TH ST. LINCOLN, NE	SALE 2 216 NORTH 11TH ST LINCOLN, NE	SALE 3 401 SOUTH 21ST ST. LINCOLN, NE	SALE 4 4435 O STREET LINCOLN, NE	SALE 5 650 J STREET LINCOLN, NE	SALE 6 6800 NORMAL BLVD. LINCOLN, NE	SALE 7 700 N. COTNER BLVD. LINCOLN, NE
SALE PRICE		\$2,600,000	\$700,000	\$3,900,829	\$1,600,000	\$1,070,000	\$910,000	\$1,525,000
PRICE PER SQ. FT.		\$59.38	\$51.71	\$51.98	\$62.90	\$44.43	\$66.69	\$31.43
PROPERTY RIGHTS ADJUSTMENT	FEE SIMPLE	SIMILAR \$0	SIMILAR \$0	SIMILAR \$0	SIMILAR \$0	SIMILAR \$0	SIMILAR \$0	SIMILAR \$0
FINANCING ADJUSTMENT	CASH	CASH \$0	CASH \$0	CASH \$0	CASH \$0	CASH \$0	CASH \$0	CASH \$0
CONDITIONS OF SALE ADJUSTMENT	MARKET	MARKET \$0	MARKET \$0	MARKET \$0	MARKET \$0	MARKET \$0	MARKET \$0	MARKET \$0
EXPENDITURES AFTER SALE ADJUSTMENT	MARKET	MARKET \$0	MARKET \$0	MARKET \$0	MARKET \$0	MARKET \$0	MARKET \$0	MARKET \$0
MARKET CONDITIONS ADJUSTMENT	CURRENT	4/12/2017 0%	7/14/2016 0%	3/10/2016 0%	2/18/2016 0%	2/7/2015 0%	5/1/2013 0%	7/11/2012 0%
EFF \$/PER SQ. FT.		\$59.38	\$51.71	\$51.98	\$62.90	\$44.43	\$66.69	\$31.43
LOCATION ADJUSTMENT	SOUTHWEST	SIMILAR 0%	SUPERIOR -15%	SUPERIOR -15%	SIMILAR 0%	SUPERIOR -15%	SUPERIOR -10%	SIMILAR 0%
BUILDING AREA SQ. FT. ADJUSTMENT	55,735	43,785 0%	13,536 -10%	75,042 0%	25,436 -5%	24,081 -5%	13,645 -10%	48,523 0%
AGE/COND/QUAL ADJUSTMENT	1928 / AVG. / AVG.	SUPERIOR -5%	SIMILAR 0%	SIMILAR 0%	SUPERIOR -10%	SUPERIOR -10%	SUPERIOR -5%	SUPERIOR -10%
ACCESS/VISIBILITY ADJUSTMENT	AVG. / AVG.	SUP./SUP. -10%	SIM./SIM. 0%	SUP./SUP. -10%	SUP./SUP. -10%	SIM./SIM. 0%	SUP./SUP. -10%	SIM./SIM. 0%
SITE SQ. FT./UTILITY COVERAGE RATIO ADJUSTMENT	105,807 12% COV. RATIO 1.90:1 LAND-TO-BLDG. %	99,744 10% 0%	3,384 100% 10%	114,617 17% 0%	55,698 27% 0%	CONDO UNIT 100% 10%	33,976 14% 0%	109,708 29% 0%
FLOODPLAIN ADJUSTMENT	NONE	SIMILAR 0%	SIMILAR 0%	INFERIOR 5%	SIMILAR 0%	SIMILAR 0%	SIMILAR 0%	SIMILAR 0%
FUNCTIONAL UTILITY ADJUSTMENT	4 LEVELS & L.L. STAIRS & ELEVATOR	SIMILAR 0%	SIMILAR 0%	SIMILAR 0%	SIMILAR 0%	INFERIOR 10%	INFERIOR 5%	INFERIOR 10%
ZONING/USE ADJUSTMENT	R-4 WITH SPECIAL PERMIT OFFICE USE	B-2/SUP. -10%	B-4/SUP. -10%	B-4/SUP. -10%	O-2/SIM. 0%	I-1/SIM. 0%	O-2/SIM. 0%	B-5/SUP. -10%
NET ADJUSTMENT		-25%	-25%	-30%	-25%	-10%	-30%	-10%
INDICATED VALUE PER SQ. FT.		\$44.54	\$38.79	\$36.39	\$47.18	\$39.99	\$46.68	\$28.29
MEAN INDICATED VALUE PER SQ. FT.:		\$40.26						
OUTLIERS ELIMINATED MEAN VALUE PER SQ. FT.:		\$41.28						

Correlation of Market Data

The results of the illustrative adjustment grid have been summarized on the following table:

Sale	Location	Sale Price	Sq. Ft.	Sale Price Per Sq. Ft.	Adj. Sale Price Per Sq. Ft.
1	245 South 84th Street	\$2,600,000	43,785	\$59.38	\$44.54
2	216 North 11th Street	\$700,000	13,536	\$51.71	\$38.79
3	401 South 21st Street	\$3,900,829	75,042	\$51.98	\$36.39
4	4435 O Street	\$1,600,000	25,436	\$62.90	\$47.18
5	650 J Street	\$1,070,000	24,081	\$44.43	\$39.99
6	6800 Normal Boulevard	\$910,000	13,645	\$66.69	\$46.68
7	700 North Cotner Boulevard	\$1,525,000	48,523	\$31.43	\$28.29

Summary of Sales Comparison Adjustments

The analysis of the market has provided multiple value indications for the subject property. Each of the comparable sales has been adjusted for differences relative to the subject property. The sales utilized in this analysis shows that an active market exists for similar office-use buildings.

Large office buildings similar to the subject are not transferred frequently due to the character of the property. Both the number of adjustments necessary to compare the sales to the subject property, and the net adjustment of each sale can indicate the reliability of the approach.

The preceding sales have generated an indicated value range of from \$28.29 to \$47.18 per square foot, with a mean value of \$40.26 per square foot.

Four sales, Sales 1, 2, 4, 5, and 7, indicated adjusted values ranging from \$28.29 to \$47.18 per square foot, with a mean value of \$39.75 per square foot. These sales include two sales which indicated the least net adjustments of the sales analyzed of 10%. The subject value likely indicates a value within this range.

The remaining three sales, Sales 3 and 6, indicated adjusted values above \$36.00 per square foot and indicated net adjustments of 30%. The subject value likely indicates a value below this range of sales.

Current Comparable Office Listings

In addition to the comparable sales utilized, the analyst has also researched current listings for similar office buildings. The following table illustrates listings that were being actively marketed on the effective date of this appraisal report.

Listing	Address	Year Built	Asking Price	Building Sq. Ft.	Price/ sq. ft.	Days On Market	Comment	Use
A	220 South 17th St.	1929	\$1,900,000	42,600	\$44.60	318	Includes lower level	Office
B	301 South 70th St.	1983	\$2,850,000	32,800	\$86.89	197	Multi-level office/medical	Office

The comparable listings indicate a value range of \$44.60 to \$86.89 per square foot.

Listing A includes office finish. This building is an older multi-level office building. The list price includes the lower level. The building is sprinkled, and includes a pedestrian elevator and freight elevator. The building covers 100% of the site. This property includes inferior site characteristics. The building is considered to have similar utility and age characteristics. Overall, the property is considered to be similar to the subject property.

Listing B includes both medical and office finish. This property includes a similar multi-level construction type. The building and finish is newer than the subject. This property has been on and off the market on multiple occasions over the previous years. Additionally, this property has reportedly been under contract multiple occasions over the previous years but has not transferred; indicating that the list price of this property may be above market levels. Overall, the property is considered to be significantly superior to the subject property.

The current listings support the value range estimated by the comparable sales analyzed within this section of the report. Listing A is considered to be the most similar to the subject property. Listing B is estimated to be listed above market levels.

In summary, the sales indicate a range of values for larger office properties within the market. The current listings support the value range estimated by the comparable sales analyzed within this section of the report.

Based upon the recent local sales and listings, information and analysis, the current market value of the subject appears to be in the range of \$30.00 to \$40.00 per square foot with a most probable selling price of \$35.00 per square foot of gross area.

Additional market sales data will also be used to value the subject property. The following table illustrates similar comparable sales of large office properties from within the region. The regional sales analysis is utilized as a supplemental analysis (additional support) due to a lack of highly comparable large office properties within the local market.

Additional Market Sales Data

Additionally, the analysis contained a regional search for comparable sales. The analysis resulted in seven sales. The sales are all located within Omaha, Nebraska or Missouri and could not be fully confirmed as of the effective date of this report. The following table illustrates the unconfirmed sales:

Regional Sale	Address	City	State	Sale Date	Sale Price	Building Size	Price Per SF	Year Built	Use
A	1706 Washington Ave	Saint Louis	MO	1/22/2016	\$6,650,000	270,000	\$24.63	1912	Office
B	1501 Washington Ave	Saint Louis	MO	2/12/2016	\$4,450,000	140,000	\$31.79	1911	Office
C	338 Broadway St	Cape Girardeau	MO	5/24/2016	\$2,750,100	71,000	\$38.73	1928	Office
D	2100 Grand Blvd	Kansas City	MO	2/8/2016	\$1,000,000	49,000	\$20.41	1911	Office
E	203 S 18th St	Omaha	NE	11/4/2016	\$1,500,000	60,984	\$24.60	1912	Office
F	1722 St. Mary's Ave	Omaha	NE	11/8/2013	\$1,200,000	32,078	\$37.41	1912	Office
G	500 S 18th St	Omaha	NE	5/6/2014	\$1,000,000	30,866	\$32.40	1921	Office

The comparable sales summarized have varying characteristics. Some of the sales are similar to the subject property, while others are considered to be inferior or superior. The sales are located in other markets and could not be fully confirmed as of the date of this report. The sales are utilized to illustrate larger office facility sales in the region, and specifically larger office buildings which were originally constructed in the early 1900's.

Older construction office buildings include similar construction types, and often were originally constructed for other uses; similar to the original use of the subject property as a residential/dormitory use. Many of these buildings are purchased for redevelopment or renovation to other uses; such as hotel or multi-family uses.

The subject was constructed in 1928 and included a major renovation in the 1960's. Many of the regional sales include similar construction types and finish details compared to the subject property.

The regional sales were all originally constructed in 1911 to 1928. The regional sales include building sizes of 30,866 to 270,000 square feet. Five of the seven sales include building sizes ranging from 30,866 to 71,000 square feet which are considered to be similar to the subject property. The sales all occurred since late 2013. The regional sales indicated a value range of \$20.41 to \$38.73 per square foot, with a mean value of \$30.00 per square foot.

Based upon the preceding regional sales, information and analysis, the current market value of the subject appears to be in the range of \$30.00 to \$35.00 per square foot with a most probable selling price of \$35.00 per square foot of gross area.

Final Selection of Value based on Sales Comparison Approach

The listings illustrate similar competing properties listed for sale in the current market. The analyst estimates one of the listing is listed above market levels. The closed sales illustrate similar properties which have recently transferred. The properties were adjusted for differing characteristics. The analyst places primary emphasis on the closed sales, with supplemental support from the current listings.

The analysis of the market has provided multiple value indications for the subject property. Each of the comparable sales has been adjusted for differences relative to the subject property. The sales utilized in this analysis shows that an active market exists for similar office-use buildings.

A value in the lower portion of the unadjusted value sales range and in the lower portion of the adjusted value sales range is considered to be applicable to the subject property.

The local sales indicated a market value range of \$30.00 to \$40.00 per square foot. The regional sales indicated a market value range of \$30.00 to \$35.00 per square foot. Based on the preceding data and analysis, the analysts place most emphasis on the local data, with supplemental support from the regional data.

Based upon the preceding sales, information and analysis, the current market value of the subject property is estimated to be in the middle portion of the range, or \$33.00 to \$38.00 per square foot with a most probable selling price of \$35.00 per square foot, or calculated as follows:

$$55,735 \text{ square feet} \times \$35.00 \text{ per square foot} = \$1,950,725$$

CALLED \$1,950,000

Based on the Sales Comparison Approach, the preceding analysis has estimated value of the subject property to be \$1,950,000.

INCOME CAPITALIZATION APPROACH TO VALUE

Income producing property is typically purchased for investment purposes, and the projected net income stream is the critical factor affecting its market value. An investor purchasing income producing real estate is, in effect, trading a sum of present dollars for the right to a stream of future dollars. There is a relationship between the two, and the connecting link is the basis of the Income Approach; future dollars are discounted to a present worth on some basis that reflects the risk and the waiting time involved.

Five major steps are involved in translating the income stream into a value indication:

1. Estimate potential gross income.
2. Estimate and deduct a vacancy and collection loss allowance to derive effective gross income.
3. Estimate and deduct expenses of operation to derive net operating income.
4. Select an applicable discounting or capitalization method and technique.
5. Complete the necessary calculations to derive a market value indication by the Income Approach.

The Income Approach to value is applicable to income producing properties and not practical in the appraisal of properties for which a rental market or a rental value cannot be identified. The approach is based on the principle of anticipation and uses a process of discounting or capitalization to translate an income stream into a value estimate. The entire process is based on various inherent assumptions concerning the quality, durability, and pattern of the income projection. The appraiser selects the capitalization method or discounted cash flow technique that best conforms to the future income pattern of property being appraised.

For analytical purposes within this report, the Income Capitalization Approach will be completed based on the current leasable area within the subject property. Based on the analysis, the subject includes a net rentable area of 10,864 square feet on the first level, 10,639 square feet on each of the second, third, and fourth levels, and 12,954 square feet on the lower level, and a total net rentable area of 55,735 square feet. The subject property currently functions as a multi-tenant office building, with supportive common areas.

Contract Rental Rate Analysis

Through the normal course of business, detailed lease information for the subject property was requested. The analyst was provided a lease amendment for one tenant of the subject property. No other lease agreements are known/considered to exist. As of the date of inspection, the subject property is primarily vacant or owner occupied. The building includes Lancaster County agencies which have historically occupied various portions of the improvement. Many of these agencies are considered to be related entities to the subject ownership.

However, the northwestern portion of the second level is currently occupied by the Department of Administrative Services, State Building Division d/b/a Department of Correctional Services. The Department of Correctional Services is occupying this portion of the building through a lease agreement (according to the provided lease amendment) which expired April 30, 2016. Without additional lease information provided, the tenant is considered to be occupying the property on a month-to-month agreement.

The original lease agreement is dated May 1, 2011, and has included various amendments/renewals over the years. The most recent amendment provided was Amendment #3 which is dated May 1, 2014 and is a two-year term starting May 1, 2014 through April 30, 2016. Amendment #3 was the only lease documentation provided for analysis.

Reportedly, Lancaster County has declared the subject property as “surplus land” and is awaiting proposals for purchase of the subject property. Reportedly, the existing tenants and related entities which are currently occupying the property are to vacate the premise in the near future. As of the date of inspection, much of the building was vacant with existing tenants relocating to other Lancaster County owned properties.

The short-term nature of the lease and the impending expiration would have limited impact on the total bundle of rights. Additionally, the subject ownership reported that the property will be vacant within approximately 30 to 60 days following the date of inspection. The conclusions and opinion of value is reflective of the Fee Simple Estate in the property as if at stabilized occupancy and available to be marketed. The subject's income potential will be estimated at prevailing market rental rates.

Economic Rental Rate Analysis

To estimate the gross potential income to the subject property, the appraiser studied market rates for other similar facilities to estimate a sustainable stabilized rental rate for the subject. The contract rents of the comparable properties will be adjusted to an effective rent which is similar to the projected terms of a lease of the subject property.

The adjusted rental rate is based on the tenants only paying base rent. The ownership would be responsible for paying all operating expenses associated with the real estate including management and reserves for replacement.

The following comparable rentals were utilized to estimate the economic rent of the subject property. These facilities are in average to good condition and illustrate typical rental rates for similar use properties competitive areas of Lincoln. Photographs and summaries of the competing facilities are included on the following pages.

RENTAL 1
LOCATION: 245 South 84th Street, Lincoln, NE
LESSOR: Bombay Land Company
LESSEE: Various
LEASE DATE: See Below
TERM: See Below
AREA LEASED: See Below
LEASE RATE: See Below
TENANT EXPENSES: Electric only
OWNER EXPENSES: Management, Reserves, Taxes, Insurance, Water/Gas, Trash, Maintenance, Janitorial
COMMENTS: The building is located near southwest corner of South 84th Street and O Street in east Lincoln. This building was constructed in 1977. The Cherry Hill Office Building includes a general office space. Units 212, 210, 220, and L117 the owner pays for electric. Rent roll is as of April of 2017.

Suite	Tenant	Area (Sq. Ft.)	Lease Commencement	Lease Expiration	Rate (Sq. Ft.)	Effective Gross Rate
100	CHI	3,696	12/30/2008	Month-to-Month	\$11.00	\$11.66
110	Edward Jones	924	9/1/2016	8/31/2021	\$13.00	\$13.78
111B	CHI	210	6/1/2002	6/30/2018	included with Unit 300	
114	Tin Bucket	924	10/1/2015	11/30/2017	\$6.75	\$7.16
118	CHI	924	12/30/2008	Month-to-Month	\$13.17	\$13.96
119	CHI	924	12/30/2008	Month-to-Month	\$13.17	\$13.96
200	NE Domestic Violence	4,064	4/1/2015	3/31/2017	\$11.70	\$12.40
211-215	CHI	1,848	2/1/2014	Month-to-Month	\$11.72	\$12.42
212	Mid Plains	1,243	2/1/2013	1/31/2019	\$13.50	\$13.50
210	Blaine Brown	759	7/1/2016	Month-to-Month	\$9.49	\$9.49
218	Midwest Micro, LLC	924	8/1/2016	7/30/2019	\$9.09	\$9.64
220	A&A Roofing	308	6/1/2016	5/31/2018	\$11.68	\$11.68
300	CHI	9,732	7/1/2013	6/30/2018	\$10.20	\$10.81
L111	Cherry Hill Salon	850	3/28/1992	Month-to-Month	\$11.08	\$11.74
L117	Linde Matthisen	1,650	6/4/2015	6/30/2018	\$9.72	\$9.72
L119	CHI	1,680	9/30/1996	Month-to-Month	\$10.00	\$10.60
W100	S-5 Promotions	1,720	9/14/2014	Month-to-Month	\$8.48	\$8.99
W102	T.R. Wacker	840	1/25/1996	3/31/2017	\$11.50	\$12.19
111A	Vacant	1,650	Listing		\$11.75	\$12.46
W104	Property Office	810	Listing		\$10.00	\$10.60
219	Vacant	462				
L101	Property Maintenance	875				

RENTAL 1 PHOTOGRAPH



RENTAL 2
LOCATION: 770 North Cotner Blvd., Lincoln, NE
LESSOR: Gateway Executive Center Partnership
LESSEE: Various
LEASE DATE: See Below
TERM: See Below
AREA LEASED: See Below
LEASE RATE: See Below
TENANT EXPENSES: Electric, Janitorial
OWNER EXPENSES: Taxes, Insurance, Water/Gas, Trash, Maintenance
COMMENTS: This building was constructed in 1980. Building is adjacent to Gateway Shopping center and includes a mixture of general office space and medical office space. Tenants only pay electric and janitorial, owner pays the taxes, insurance, Water/Gas, Trash, and Maintenance. Rent roll is as of February of 2017.

Suite	Tenant	Area (Sq. Ft.)	Lease Date	Lease Expiration	Rate (Sq. Ft.)	Effective Gross Rate
100	Principal Financial Group	6,949	1980	3/28/2021	\$13.35	\$14.15
116	Total Home Inspection	300	5/1/2016	4/30/2018	\$15.00	\$15.90
125	Sue Jeffrey P.T., P.C.	3,150	5/1/2001	10/31/2018	\$13.53	\$14.35
126	NE Internal Medicine *	1,023	10/1/1999	3/1/2016	\$16.42	\$17.41
202	Terri Wheeler, D.D.S.	1,765	7/1/1992	10/31/2018	\$15.86	\$16.81
205	Family Physicians Group P.C.	4,107	1980	10/31/2018	\$14.36	\$15.22
208	Vacant	725	Pending		\$10.00	\$10.60
220	NE Internal Medicine *	6,678	1980	3/1/2016	\$15.59	\$16.52
300	Benefit Planning	570	9/10/2010	9/30/2019	\$11.58	\$12.27
301	Dennis Hruby Insurance	722	1980	11/30/2018	\$14.28	\$15.14
302	Shunkwiler Financial	1,146	9/1/2016	8/31/2021	\$13.61	\$14.43
303	Mike Slattery, Tax Attorney	1,372	10/1/2015	9/30/2020	\$12.20	\$12.93
306	Akkase Home Health Care	1,040	8/8/2016	8/31/2021	\$10.00	\$10.60
309	Insight Recovery Center	518	3/1/2015	2/28/2016	\$10.59	\$11.22
310	Lincoln Hypnosis	1,290	12/15/2008	12/15/2016	\$8.64	\$9.16
313	Vacant	750	Listing		\$10.00	\$10.60
315	New York Life - Todd Hruby	750	1/1/1994	10/30/2018	\$13.86	\$14.69
318	Ronald J. Podwinski, CPA	499	9/15/2014	9/15/2019	\$12.83	\$13.60
325	MADD	1,242	7/1/2014	6/31/17	\$9.67	\$10.25
326	Newman Neuromuscular Massage	1,197	4/1/2006	11/30/2018	\$9.52	\$10.10
328	Cindy Nash, Ph.D.	1,316	12/1/2016	11/30/2021	\$14.20	\$15.05
330	World Financial Group	1,882	4/1/2014	3/31/2018	\$8.00	\$8.48
400	Center for Rural Entrepreneurial	990	1/1/2017	12/31/2019	\$8.26	\$8.76
401	Baer Goff Financial Services	500	9/1/2012	11/30/2017	\$12.66	\$13.42
402	Benefits Inc. Ron Ballou Financial	1,120	5/1/2004	4/30/2017	\$7.88	\$8.35
403	Vincent Law Office	1,217	7/1/2014	12/25/2014	\$10.01	\$10.61
404	1st United Mortgage Banc	1,120	7/1/2006	11/30/2017	\$10.71	\$11.36
405-A	Church of Christ	750				
406	Owner	500				
407	Stewart Title Company	2,343	3/1/1995	3/31/2018	\$14.93	\$15.83
408	Ancient Arts Massage	732	11/1/2007	11/30/2017	\$12.70	\$13.46
410	Soarin Group	2,065	10/1/2016	9/30/2019	\$10.00	\$10.60
411	FP Wealth Management	2,380	11/1/2009	10/31/2017	\$10.11	\$10.71

* Allocated rental rate

RENTAL 2 PHOTOGRAPH



RENTAL 3
LOCATION: 301 South 70th Street, Lincoln, NE
LESSOR: Jeffrey J. Fredrick
LESSEE: Various
LEASE DATE: See Below
TERM: See Below
AREA LEASED: See Below
LEASE RATE: See Below
TENANT EXPENSES: Some tenants pay electric (gross monthly rental rates include electric)
OWNER EXPENSES: Management, Taxes, Insurance, Utilities, Maintenance, and Reserves
COMMENTS: This is a multi-tenant office building located three blocks south of O Street with frontage on South 70th Street in an established mixed-use neighborhood of east Lincoln. The building is occupied by a number of tenants including general office, medical, and commercial/service tenants. The building was constructed in 1983 and is in average condition. The building has adequate on-site parking with good tenant access via common areas, elevator, and stair access.

Suite	Tenant	Rentable	Gross		Lease	Gross
		Area Sq. Ft.	Rent/Month	Lease Term		Rent/Sq.Ft.
105	Murray Clothing	605	\$450	1 year	12/13	\$8.93
110	Edward Jones	1,012	\$1,530	5 years	11/11	\$18.14
125	Home Smart	511	\$595	2 years	2/13	\$13.97
127	Exec Janitorial	480	\$425	2 years	10/12	\$10.63
130	Lincoln Art Glass	725	\$940	1 year	6/15	\$15.56
132	Vacant	1,708				
140 A	Paul Brodhagen	525	\$300	2 years	12/13	\$6.86
140 B	Easley	480	\$250	1 year	12/13	\$6.25
140 C	Otero	410	\$250	1 year	7/13	\$7.32
140 D	Raridon	350	\$275	1 year	12/14	\$9.43
140 E	Arango Law	350	\$300	1 year	12/14	\$10.29
150	Jantzen Law	815	\$595	3 years	1/13	\$8.76
155	Retire Trans	800	\$800	2 years	3/15	\$12.00
200 & 245	Lincoln OB	8,729	\$9,782	2 years	2/15	\$13.45
250	Stover Chiro	2,342	\$2,309	3 years	11/13	\$11.83
300 A	Info Analytics	250	\$250	1 year	11/13	\$12.00
300 B	RSW Medical	597	\$350	1 year	4/12	\$7.04
300 C & H	Info Analytics	651	\$400	1 year	12/13	\$7.37
300 D & G	Medill Appr.	631	\$450	3 years	1/12	\$8.56
300 E	Able Comm	331	\$250	month-to-month		\$9.06
300 F	Business Air	431	\$350	month-to-month		\$9.74
320	Leigl Acct	814	\$525	month-to-month		\$7.74
330	Burns Counseling	1,080	\$960	1 year	1/15	\$10.67
335	Women's Proth	690	\$740	2 years	6/15	\$12.87
340	Wilson Inv	833	\$600	month-to-month		\$8.64
350 A	Carmichael/Aug	2,240	\$1,550	3 years	12/12	\$8.30
350 B	Carmichael/Aug	800	\$360	2.5 years	6/13	\$5.40
355	Teichman Law	1,440	\$1,005	2 years	6/13	\$8.38

RENTAL 3 PHOTOGRAPH



RENTAL 4
LOCATION: 3701 O Street, Lincoln, NE
LESSOR: CGI Properties, LLC
LESSEE: Various
LEASE DATE: Various
TERM: See Below
AREA LEASED: See Below
RENTAL RATE: See Below
TENANT EXPENSES: None under gross lease
OWNER EXPENSES: Management, Reserves, Taxes, Insurance, Utilities, Maintenance
COMMENTS: This is a multi-tenant office building located on Lincoln's main commercial thoroughfare. The property includes some renovated units with some units included dated finish and storage use finish. Tenants pay for only telephone, cable, and other communications systems. The building was originally constructed in 1969 and is in average condition. Three units are occupied by the ownership or a related entity to the ownership. Rent roll is as of January of 2017.

Unit	Tenant	Area Sq. Ft.	Lease Term / End Date	Annual Rent Per Sq. Ft.	Effective Gross Rate
B-1	Hatch Rental Services	230	Month-to-month	\$7.83	\$7.83
B-2	Duey Computers	1,512	Month-to-month	\$10.71	\$10.71
B-3	Primerica	860	Dec. 2017	\$8.02	\$8.02
B-5	Patrick Hatwan	230	Month-to-month	\$10.43	\$10.43
B-6	Gustafson Insurance	96	Month-to-month	\$6.25	\$6.25
101, 201 S	State Farm Insurance	1,516	Dec. 2017	\$11.68	\$11.68
102	Canon Solutions America	910	Aug. 2017	\$14.51	\$14.51
103	Wellness Center	1,085	Mar. 2019	\$18.25	\$18.25
104	Ashley & Alexis Photography	1,054	Nov. 2020	\$10.25	\$10.25
201 A, 201 R	Ramirez Drywall & Labor Svcs.	830	Month-to-month	\$7.73	\$7.73
201 D	Duey Enterprises	160	Month-to-month	\$13.50	\$13.50
201 E	Essink Realty	240	Month-to-month	\$12.50	\$12.50
201 F	David Boye Guitar	102	Month-to-month	\$14.71	\$14.71
201 G	JTB Associates	172	Month-to-month	\$13.26	\$13.26
201 K	MKR Therapy	302	Month-to-month	\$10.93	\$10.93
202, Shop	Sandquist Construction	1,550	Month-to-month	\$14.32	\$14.32
204	Houser Refuse	435	Month-to-month	\$10.62	\$10.62

RENTAL 4 PHOTOGRAPH



RENTAL 5
LOCATION: 4535 Normal Boulevard, Lincoln, NE
LESSOR: Linrea, LLC (Ken Long)
LESSEE: Various
LEASE DATE: Various
TERM: See Below
AREA LEASED: See Below
RENTAL RATE: See Below
TENANT EXPENSES: Gas, electric, telephone, cable, and other communications systems
OWNER EXPENSES: Water, CAM, exterior maintenance, insurance, and real estate taxes
COMMENTS: This is a multi-tenant office building located along Normal Boulevard. The property was built in 1988 and is in average condition. Below is the rent roll as of May of 2013. As of May of 2013, 75% of the units were leased or 77% of the total rentable area was leased.

Tenant	Unit #	Rent Per Mo.	Unit Area	Rent Per Sq. Ft.	Effective Gross Rate
Husker Surveying	101	\$1,000	1,111	\$10.80	\$11.66
Kathryn Hajj, MD	112	\$2,206	2,206	\$12.00	\$12.96
Health In Harmony	132	\$672	672	\$12.00	\$12.96
Deb and Joan	142	\$600	585	\$12.31	\$13.29
Charlotte Wiebe	145	\$800	800	\$12.00	\$12.96
Edward Jones	155	\$925	925	\$12.00	\$12.96
Nebr. Weight Mng.	158	\$991	910	\$13.07	\$14.12
Labenz & Assoc.	195	\$5,832	5,832	\$12.00	\$12.96
Ameriprise	201	\$1,135	1,090	\$12.50	\$13.50
Leka Inc.	205	\$565	590	\$11.49	\$12.41
Steven Blum	212	\$1,399	1,370	\$12.25	\$13.23
Werner Family Business	222	\$663	650	\$12.24	\$13.22
James Brown	232	\$590	575	\$12.31	\$13.29
Eden Mng.	255	\$1,648	1,648	\$12.00	\$12.96
Hutchinson Arch.	257	\$925	925	\$12.00	\$12.96
Bill Lewis Att.	262	\$675	663	\$12.22	\$13.20
Methodist EAP	265	\$804	800	\$12.06	\$13.02
Susan Cooper	272	\$470	470	\$12.00	\$12.96
Vacant	105		1,360		
Vacant	235		1,013		
Vacant	245		786		
Vacant	275		746		
Vacant	292		1,420		
Vacant	295		1,189		

RENTAL 5 PHOTOGRAPH



RENTAL 6
LOCATION: 111 North 56th Street, Lincoln, NE
LESSOR: O'Neal Enterprises, LLC
LESSEE: Various
LEASE DATE: See Below
TERM: See Below
AREA LEASED: See Below
LEASE RATE: See Below
TENANT EXPENSES: See Below
OWNER EXPENSES: Management, Taxes, Insurance, Trash, Water, Maintenance
COMMENTS: This building was constructed in 1965. Building was originally designed as a residential apartment building and was converted to a multi-tenant office building. Most tenants only pay electricity and gas; owner pays all other expenses. Rent roll is as of January 20, 2015.

Tenant	Area Leased (Sq. Ft.)	Lease End Date	Monthly Lease Rate	Rate (Sq. Ft.)	Effective Gross Rate
Catherine Martin	390*	12/31/15	\$375	\$11.54	\$11.54
New Horizons Dental Lab	320*	6/30/15	\$350	\$13.13	\$13.13
New Horizons Dental Lab	810	6/30/15	\$595	\$8.81	\$9.87
Manny's Barber Shop	220*	8/31/15	\$250	\$13.64	\$13.64
Norhe Salon	862	9/30/16	\$795	\$11.07	\$12.40
Natasha Greenwade	503	7/31/15	\$495	\$11.81	\$13.23
Barb's Healing Hands	420	3/31/15	\$375	\$10.71	\$12.00
Springer Concrete	420	N/A	\$400	\$11.43	\$12.80
Liberty Landscape	856	6/30/15	\$595	\$8.34	\$9.34
IBR Logistics, Inc.	676	1/31/16	\$495	\$8.79	\$9.84
Lotus Zen Temple	676*	11/30/15	\$595	\$10.56	\$10.56
Vacant	856	N/A	\$695	\$9.74	\$10.91
Vacant	808	N/A	\$795	\$11.81	\$13.23
Vacant	856	N/A	\$595	\$8.34	\$9.34

*Owner pays unit gas and electricity



RENTAL 7
LOCATION: 335 South 9th Street, Lincoln, NE
PROPERTY: Peanut Butter Factory
LESSOR: Block 85, LLC
LESSEE: see below
USE: Office
DATE: see below
TERM: see below
SIZE: 31,882 square feet total net rentable area
SITE SIZE: 23,421 square feet
RENTAL RATE: see below
LESSEE PAYS: Varies
LESSOR PAYS: Varies
COMMENTS: This older building included a main renovation in 1988 which renovated the historic industrial use building into office. Additional renovations occurred in 2013/2014 with a proposed renovation in 2015. Approximately 46% of the net leasable area has been renovated into office finish since 2013. The upper levels generally include better than typical office finish, and many of the garden level spaces have exterior windows or grade-level access. Approximately 98% of the first and second levels rentable area were leased. Approximately 36% of the garden level rentable areas were leased, indicating an overall occupancy rate of 77%. Benesch is paying its proportionate share of the amortized tenant improvements for 10 years, starting in 2015. Triple net leases include tenants paying for management, with the owner only paying for reserves.

The Benesch lease was negotiated for shell space only. The cost to build-out the proposed renovation was estimated to be to be \$339,649, with the tenant's proportionate share of \$185,342. According to the ownership, the \$185,342 will be amortized over the base term of the lease, 10 years, at a rate of 10%, for an annual payment of \$29,392 or \$4.80 per square foot. The remaining \$186,807 in finish is paid by the ownership and is not reimbursed. The annual rent figure also includes 28 parking stalls (contributory value of \$50 per stall, per month or \$2.74 per square foot) and the tenant pays for management. The rent roll, as of February 27, 2015 is as follows:

Level	Tenant	Leased Sq. Ft.	Annual Rent	Rate \$/sq. ft.	\$/sq. ft. CAM	Ti Amort \$/sq. ft.	Lease Type	Adjusted NNN	Adjusted Gross	Finish
1st Level	Tweten Counseling	476	\$5,714	\$12.01	\$4.50		NNN	\$12.61	\$17.11	Office
1st Level	Dakota Guardian Trust	1,998	\$26,973	\$13.50	\$4.80		NNN	\$14.18	\$18.98	Office
1st Level	Jet Salon	315	\$6,427	\$20.40			Gross	\$16.65	\$20.40	Salon
1st Level	Education Consulting	570	\$3,984	\$6.99	\$2.95		NNN	\$7.34	\$10.29	Office
1st Level	March of Dimes	873	\$8,400	\$9.62			Gross	\$5.87	\$9.62	Office
1st Level	Arts Incorporated	2,556	\$19,170	\$7.50	\$4.50		NNN	\$7.88	\$12.37	Office
1st Level	Estella Salon	1,179	\$13,200	\$11.20			Gross	\$7.45	\$11.20	Salon
1st & 2nd	Benesch	6,125	\$43,188	\$7.05	\$4.03	\$4.80	NNN	\$9.46	\$13.49	Office
2nd Level	FHU	4,135	\$52,721	\$12.75	\$1.67		NNN	\$13.39	\$15.06	Office
2nd Level	NE Logos	764	\$8,655	\$11.33	\$4.11		NNN	\$11.90	\$16.00	Office
2nd Level	Kleveland Law	678	\$7,650	\$11.28	\$3.16		NNN	\$11.85	\$15.01	Office
2nd Level	Hope Ventures	770	\$5,400	\$7.01			Gross	\$3.26	\$7.01	Office
Garden	Schroeder Consulting	667	Free					\$0.00	\$0.00	Office
Garden	Lincoln Musicians Assoc.	602	\$2,100	\$3.49			Gross	\$0.49	\$3.49	Office
Garden	Benesch	2,689	\$10,760	\$4.00			Gross	\$1.00	\$4.00	Storage

RENTAL NO. 7 PHOTOGRAPH



RENTAL 8
LOCATION: 421 South 9th Street, Lincoln, NE
LESSOR: Heritage Square Partners
LESSEE: See below
USE: Office
DATE: Current: see below
SIZE: 6,409 square feet
RENTAL RATE: Varies: see below
TERM: Varies
TENANT EXPENSES: Portion of operating expenses
OWNER EXPENSES: All expenses, with pass-through to tenants
COMMENTS: Including the pass-through expense, the leases are effectively full service. Some of the leases include parking stalls, and other tenants lease spaces in a nearby parking area.

Tenant	Leased Area	Current Rent	\$/SF per Yr	Pass Through	\$/SF CAM	Gross Rent	Gross \$ Per SF	Lease Date
Technical Management	1,587	\$951.42	\$7.19	\$575.12	\$4.35	\$1,526.54	\$11.54	5/1/2004
Alegent/NPG Health	2,800	\$1,580.41	\$6.77	\$1,037.03	\$4.44	\$2,617.44	\$11.22	2/1/2005
David Webb	443	\$245.20	\$6.64	\$164.08	\$4.44	\$409.28	\$11.09	5/1/2006
Connecting Links	390	\$327.31	\$10.07	\$0.00	\$0.00	\$327.31	\$10.07	5/5/2006
Technical Management	693	\$366.86	\$6.35	\$251.02	\$4.35	\$617.88	\$10.70	5/1/2004
Morton Law Offices	279	\$155.88	\$6.70	\$114.31	\$4.92	\$270.19	\$11.62	8/1/2005
Star City Concrete	600	\$354.81	\$7.10	\$224.08	\$4.48	\$578.89	\$11.58	2/14/2006
ADT Security Services	386	\$236.50	\$7.35	\$139.82	\$4.35	\$376.32	\$11.70	6/1/2004
Vault Funding Group	806	\$427.49	\$6.36	\$264.93	\$3.94	\$692.42	\$10.31	10/1/2006
Technical Management	3,429	\$2,591.75	\$9.07	\$1,394.62	\$4.88	\$3,986.37	\$13.95	12/1/2005
Transaction Applications Group	4,151	\$2,085.25	\$6.03	\$1,536.40	\$4.44	\$3,621.65	\$10.47	10/1/2006
Transaction Applications Group	1,200	\$689.00	\$6.89	\$431.67	\$4.32	\$1,120.67	\$11.21	10/1/2006
Technical Management	370	\$341.25	\$11.07	\$0.00	\$0.00	\$341.25	\$11.07	5/1/2004
Glynn Law Office	449	\$243.21	\$6.50	\$159.02	\$4.25	\$402.23	\$10.75	8/1/2004
Benson & Bell Management	789	\$488.42	\$7.43	\$295.84	\$4.50	\$784.26	\$11.93	4/1/2006
Technical Management	3,762	\$2,274.80	\$7.26	\$1,362.68	\$4.35	\$3,637.48	\$11.60	9/1/2005
Technical Management	730	\$421.58	\$6.93	\$225.39	\$3.71	\$646.97	\$10.64	9/1/2006
Technical Management	5,207	\$2,863.85	\$6.60	\$1,886.09	\$4.35	\$4,749.94	\$10.95	5/1/2004
Technical Management	2,343	\$1,417.52	\$7.26	\$773.19	\$3.96	\$2,190.71	\$11.22	9/1/2004
Technical Management	2,152	\$1,183.60	\$6.60	\$762.17	\$4.25	\$1,945.77	\$10.85	6/7/2004
WahlTek, Inc.	220	\$212.50	\$11.59	\$0.00	\$0.00	\$212.50	\$11.59	4/1/2006
Chapin Law Office	1,503	\$814.13	\$6.50	\$532.31	\$4.25	\$1,346.44	\$10.75	7/1/2004



RENTAL 9
LOCATION: 1327 H Street, Lincoln, NE
LESSOR: Mark Becher
LESSEE: See below
USE: Office
DATE: Current
TERM: Not provided
SIZE: See below
RENTAL RATE: See below
TENANT PAYS: All expenses under NNN
OWNER PAYS: Management and Reserves
COMMENTS: This building was constructed in 1920 but has been periodically renovated/updated. The building includes a garden-level and three levels that are above-grade. An elevator and two stairwells service all levels of the structure. The property includes 17 on-site surface parking stalls which are rented at a reported rate of \$65.00 per month. The building has been adequately maintained and is in average condition.

<u>Suite</u>	<u>Tenant</u>	<u>Square Feet Leased</u>	<u>Annual Income</u>	<u>NNN Rent</u>	<u>Gross Rent</u>	<u>Use</u>
101	Gordon Law	1,300 sq. ft.	\$9,660	\$7.43	\$10.40	Office
102	Helga Kirst	604 sq. ft.	\$6,888	\$11.40	\$15.96	Office
202	AGC	907 sq. ft.	\$10,560	\$11.64	\$16.30	Office
220	NE Home Builders	621 sq. ft.	\$6,156	\$9.91	\$13.87	Office
301	Corngrowers	2,228 sq. ft.	\$28,383	\$12.74	\$17.84	Office
307	Armour Defense	221 sq. ft.	\$2,400	\$10.86	\$15.20	Office
308	Sheri Kraus	221 sq. ft.	\$4,440	\$20.09	\$28.13	Office
311	Cavanaugh Law	221 sq. ft.	\$5,028	\$22.75	\$31.85	Office
100	NPPD	3,798 sq. ft.	\$70,056	\$18.45	\$25.83	Office



RENTAL 10

LOCATION: 643 South 25th Street, Lincoln, NE
LESSOR: Bottlers, LLC
LESSEE: see below
USE: Mixed-use commercial
DATE: see below
TERM: see below
SIZE: 53,872 square feet total net rentable area
SITE SIZE: 74,820 square feet
RENTAL RATE: see below
LESSEE PAYS: All expenses
LESSOR PAYS: Reserves and Management
COMMENTS:

The property consists of a commercial building located at 643 South 25th Street in Lincoln, Nebraska. The structure operates as a multi-tenant commercial/mixed-use building. Historically, the property operated as a bottling facility for Coca-Cola. The original portions of the improvements were originally constructed in approximately 1920, with the remaining portions of the property being piecemealed in 1955, 1960, and 1964 to expand the previous bottling facility. The property was renovated in approximately 2000, and included a subdivision of the property to allow for multiple tenants.

The property is comprised of a two-level above grade structure with a partial lower level and includes a total above grade area of 50,778 square feet. In addition, the improvement includes a lower level/basement area including an additional 4,395 square feet. The basement/lower level includes only storage and common areas.

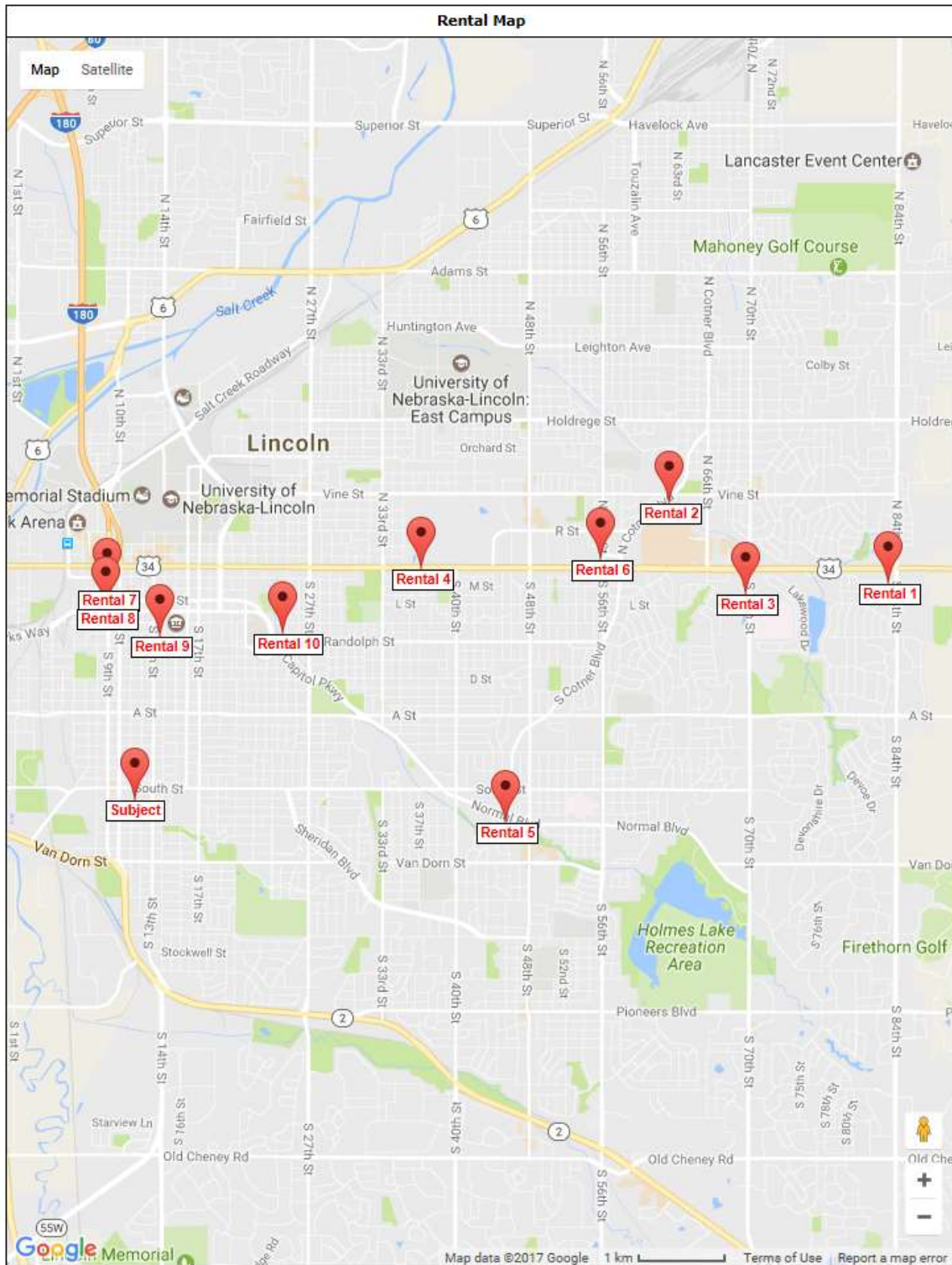
The property includes a net rentable area of 50,047 square feet located within the above grade area and 3,825 square feet located within the below grade area. In total, the net rentable area includes retail, office, studio, salon, office, classroom, and restaurant uses which total 29,870 square feet or 55% of the total net rentable area. The total net rentable area also includes 24,002 square feet or 45% storage areas. The rent roll, as of August 19, 2014 is as follows:

Unit	Location	Tenant	Leased Sq. Ft.	Annual Rent	\$/Sq. Ft. Per Yr.	Adjusted NNN	Adjusted Gross	Lease From	Lease To	Options	Unit Type
1 & 3	1st Level	Palace Glass Co., Inc.	3,378	\$14,466.00	\$4.28	\$4.28	\$6.00	12/1/2009	11/30/2014	-	Retail
2	1st Level	Bottler's Salon	1,029	\$11,100.00	\$10.79	\$10.79	\$15.10	1/1/2014	12/31/2018	-	Salon
4A	2nd Level	Foster Care Closet	4,099	\$10,506.00	\$2.56	\$2.56	\$3.59	10/1/2013	9/30/2014	One 1-Year	Studio
4B	2nd Level	Photography by Nellie Smith	1,682	\$3,600.00	\$2.14	\$2.14	\$3.00	3/1/2012	2/28/2015	-	Studio
5	1st Level	Felipe Serrano & Roberto Perez	1,654	\$6,060.00	\$3.66	\$3.66	\$5.13	11/1/2012	10/31/2014	-	Retail
6	Lower Level	Foster Care Closet	3,825	-	-	-	-	-	-	-	Storage
7	1st Level	ChefauChef Personal Catering, LLC	2,840	\$12,400.00	\$4.37	\$4.37	\$6.11	5/15/2014	11/15/2014	-	Restaurant
8	1st Level	Foster Care Closet	3,217	\$13,028.88	\$4.05	\$4.05	\$5.67	3/1/2013	2/29/2016	-	Retail
9	1st Level	Catholic Social Services	3,112	\$9,055.22	\$2.91	\$2.91	\$4.07	5/1/2014	4/30/2015	-	Storage
10 & 11	1st & 2nd	Houses of Hope of Nebraska	4,440	\$31,590.00	\$7.11	\$7.11	\$9.96	5/1/2013	4/30/2018	-	Office
12	1st Level	Bob Bade	6,910	\$8,400.00	\$1.22	\$1.22	\$1.70	5/1/2014	4/30/2015	-	Storage
13	1st Level	Owner Occupied	3,810	-	-	-	-	-	-	-	Storage
14	1st Level	Lincoln Public Schools	6,345	\$8,625.00	\$1.36	\$1.36	\$1.90	9/1/2014	8/31/2015	-	Storage
15	1st Level	Lincoln Public Schools	7,531	\$43,303.00	\$5.75	\$5.75	\$8.05	10/25/2009	10/24/2015	-	Classroom

RENTAL NO. 10 PHOTOGRAPH



Comparable Rental Map



Correlation of Commercial Income

The rents are summarized on the following grid. The rents are all adjusted to reflect the effective gross rent. In this report, effective gross rent includes the tenants only paying base rent. The ownership pays all other expenses associated with the property. The rentals are summarized in the following grid:

Rental	Location	Sq. Ft. Leased	Rate	Owner Expenses	Effective Rental Rate
1	245 South 84th St.	3,696	\$11.00	All except electric	\$11.66
	245 South 84th St.	924	\$13.00	All except electric	\$13.78
	245 South 84th St.	924	\$6.75	All except electric	\$7.16
	245 South 84th St.	924	\$13.17	All except electric	\$13.96
	245 South 84th St.	924	\$13.17	All except electric	\$13.96
	245 South 84th St.	4,064	\$11.70	All except electric	\$12.40
	245 South 84th St.	1,848	\$11.72	All except electric	\$12.42
	245 South 84th St.	1,243*	\$13.50	All expenses	\$13.50
	245 South 84th St.	759*	\$9.49	All expenses	\$9.49
	245 South 84th St.	924	\$9.09	All except electric	\$9.64
	245 South 84th St.	308*	\$11.68	All expenses	\$11.68
	245 South 84th St.	9,732	\$10.20	All except electric	\$10.81
	245 South 84th St.	850	\$11.08	All except electric	\$11.74
	245 South 84th St.	1,650*	\$9.72	All expenses	\$9.72
	245 South 84th St.	1,680	\$10.00	All except electric	\$10.60
	245 South 84th St.	1,720	\$8.48	All except electric	\$8.99
	245 South 84th St.	840	\$11.50	All except electric	\$12.19
	245 South 84th St.	1,650	\$11.75	All except electric	\$12.46
	245 South 84th St.	810	\$10.00	All except electric	\$10.60
2	770 North Cotner Blvd.	6,949	\$13.35	All except electric	\$14.15
	770 North Cotner Blvd.	300	\$15.00	All except electric	\$15.90
	770 North Cotner Blvd.	3,150	\$13.53	All except electric	\$14.35
	770 North Cotner Blvd.	1,023	\$16.42	All except electric	\$17.41
	770 North Cotner Blvd.	1,765	\$15.86	All except electric	\$16.81
	770 North Cotner Blvd.	4,107	\$14.36	All except electric	\$15.22
	770 North Cotner Blvd.	725	\$10.00	All except electric	\$10.60
	770 North Cotner Blvd.	6,678	\$15.59	All except electric	\$16.52
	770 North Cotner Blvd.	570	\$11.58	All except electric	\$12.27
	770 North Cotner Blvd.	722	\$14.28	All except electric	\$15.14
	770 North Cotner Blvd.	1,146	\$13.61	All except electric	\$14.43
	770 North Cotner Blvd.	1,372	\$12.20	All except electric	\$12.93
	770 North Cotner Blvd.	1,040	\$10.00	All except electric	\$10.60
	770 North Cotner Blvd.	518	\$10.59	All except electric	\$11.22
	770 North Cotner Blvd.	1,290	\$8.64	All except electric	\$9.16
	770 North Cotner Blvd.	750	\$10.00	All except electric	\$10.60
	770 North Cotner Blvd.	750	\$13.86	All except electric	\$14.69
	770 North Cotner Blvd.	499	\$12.83	All except electric	\$13.60
	770 North Cotner Blvd.	1,242	\$9.67	All except electric	\$10.25
	770 North Cotner Blvd.	1,197	\$9.52	All except electric	\$10.10
	770 North Cotner Blvd.	1,316	\$14.20	All except electric	\$15.05
	770 North Cotner Blvd.	1,882	\$8.00	All except electric	\$8.48
	770 North Cotner Blvd.	990	\$8.26	All except electric	\$8.76
	770 North Cotner Blvd.	500	\$12.66	All except electric	\$13.42
	770 North Cotner Blvd.	1,120	\$7.88	All except electric	\$8.35
	770 North Cotner Blvd.	1,217	\$10.01	All except electric	\$10.61
	770 North Cotner Blvd.	1,120	\$10.71	All except electric	\$11.36
	770 North Cotner Blvd.	2,343	\$14.93	All except electric	\$15.83
	770 North Cotner Blvd.	732	\$12.70	All except electric	\$13.46
	770 North Cotner Blvd.	2,065	\$10.00	All except electric	\$10.60
	770 North Cotner Blvd.	2,380	\$10.11	All except electric	\$10.71

3	301 South 70th Street	605	\$8.93	All expenses	\$8.93
	301 South 70th Street	1,012	\$18.14	All expenses	\$18.14
	301 South 70th Street	511	\$13.97	All expenses	\$13.97
	301 South 70th Street	480	\$10.63	All expenses	\$10.63
	301 South 70th Street	725	\$15.56	All expenses	\$15.56
	301 South 70th Street	525	\$6.86	All expenses	\$6.86
	301 South 70th Street	480	\$6.25	All expenses	\$6.25
	301 South 70th Street	410	\$7.32	All expenses	\$7.32
	301 South 70th Street	350	\$9.43	All expenses	\$9.43
	301 South 70th Street	350	\$10.29	All expenses	\$10.29
	301 South 70th Street	815	\$8.76	All expenses	\$8.76
	301 South 70th Street	800	\$12.00	All expenses	\$12.00
	301 South 70th Street	8,729	\$13.45	All expenses	\$13.45
	301 South 70th Street	2,342	\$11.83	All expenses	\$11.83
	301 South 70th Street	250	\$12.00	All expenses	\$12.00
	301 South 70th Street	597	\$7.04	All expenses	\$7.04
	301 South 70th Street	651	\$7.37	All expenses	\$7.37
	301 South 70th Street	631	\$8.56	All expenses	\$8.56
	301 South 70th Street	331	\$9.06	All expenses	\$9.06
	301 South 70th Street	431	\$9.74	All expenses	\$9.74
	301 South 70th Street	814	\$7.74	All expenses	\$7.74
	301 South 70th Street	1,080	\$10.67	All expenses	\$10.67
	301 South 70th Street	690	\$12.87	All expenses	\$12.87
	301 South 70th Street	833	\$8.64	All expenses	\$8.64
	301 South 70th Street	2,240	\$8.30	All expenses	\$8.30
	301 South 70th Street	800	\$5.40	All expenses	\$5.40
	301 South 70th Street	1,440	\$8.38	All expenses	\$8.38
4	3701 O Street	230	\$7.83	All expenses	\$7.83
	3701 O Street	1,512	\$10.71	All expenses	\$10.71
	3701 O Street	860	\$8.02	All expenses	\$8.02
	3701 O Street	230	\$10.43	All expenses	\$10.43
	3701 O Street	96	\$6.25	All expenses	\$6.25
	3701 O Street	1,516	\$11.68	All expenses	\$11.68
	3701 O Street	910	\$14.51	All expenses	\$14.51
	3701 O Street	1,085	\$18.25	All expenses	\$18.25
	3701 O Street	1,054	\$10.25	All expenses	\$10.25
	3701 O Street	830	\$7.73	All expenses	\$7.73
	3701 O Street	160	\$13.50	All expenses	\$13.50
	3701 O Street	240	\$12.50	All expenses	\$12.50
	3701 O Street	102	\$14.71	All expenses	\$14.71
	3701 O Street	172	\$13.26	All expenses	\$13.26
	3701 O Street	302	\$10.93	All expenses	\$10.93
	3701 O Street	1,550	\$14.32	All expenses	\$14.32
	3701 O Street	435	\$10.62	All expenses	\$10.62
5	4535 Normal Blvd.	1,111	\$10.80	All except gas and electric	\$11.66
	4535 Normal Blvd.	2,206	\$12.00	All except gas and electric	\$12.96
	4535 Normal Blvd.	672	\$12.00	All except gas and electric	\$12.96
	4535 Normal Blvd.	585	\$12.31	All except gas and electric	\$13.29
	4535 Normal Blvd.	800	\$12.00	All except gas and electric	\$12.96
	4535 Normal Blvd.	925	\$12.00	All except gas and electric	\$12.96
	4535 Normal Blvd.	910	\$13.07	All except gas and electric	\$14.12
	4535 Normal Blvd.	5,832	\$12.00	All except gas and electric	\$12.96
	4535 Normal Blvd.	1,090	\$12.50	All except gas and electric	\$13.50
	4535 Normal Blvd.	590	\$11.49	All except gas and electric	\$12.41
	4535 Normal Blvd.	1,370	\$12.25	All except gas and electric	\$13.23
	4535 Normal Blvd.	650	\$12.24	All except gas and electric	\$13.22
	4535 Normal Blvd.	575	\$12.31	All except gas and electric	\$13.29
	4535 Normal Blvd.	1,648	\$12.00	All except gas and electric	\$12.96
	4535 Normal Blvd.	925	\$12.00	All except gas and electric	\$12.96
	4535 Normal Blvd.	663	\$12.22	All except gas and electric	\$13.20
	4535 Normal Blvd.	800	\$12.06	All except gas and electric	\$13.02
	4535 Normal Blvd.	470	\$12.00	All except gas and electric	\$12.96

6	111 North 56th Street	390*	\$11.54	All expenses	\$11.54
	111 North 56th Street	320*	\$13.13	All expenses	\$13.13
	111 North 56th Street	810	\$8.81	All except utilities	\$9.87
	111 North 56th Street	220*	\$13.64	All except utilities	\$13.64
	111 North 56th Street	862	\$11.07	All except utilities	\$12.40
	111 North 56th Street	856	\$9.74	All except utilities	\$10.91
	111 North 56th Street	503	\$11.81	All except utilities	\$13.23
	111 North 56th Street	420	\$10.71	All except utilities	\$12.00
	111 North 56th Street	420	\$11.43	All except utilities	\$12.80
	111 North 56th Street	808	\$11.81	All except utilities	\$13.23
	111 North 56th Street	856	\$8.34	All except utilities	\$9.34
	111 North 56th Street	676	\$8.79	All expenses	\$9.84
	111 North 56th Street	856	\$8.34	All except utilities	\$9.34
	111 North 56th Street	676*	\$10.56	All except utilities	\$10.56
7	335 South 9th Street	476	\$12.01	Reserves Only	\$17.11
	335 South 9th Street	1,998	\$13.50	Reserves Only	\$18.98
	335 South 9th Street	570	\$6.99	Reserves Only	\$10.29
	335 South 9th Street	873	\$9.62	All expenses	\$9.62
	335 South 9th Street	2,556	\$7.50	Reserves Only	\$12.37
	335 South 9th Street	6,125	\$7.05	Reserves Only	\$13.49
	335 South 9th Street	4,135	\$12.75	Reserves Only	\$15.06
	335 South 9th Street	764	\$11.33	Reserves Only	\$16.00
	335 South 9th Street	678	\$11.28	Reserves Only	\$15.01
	335 South 9th Street	770	\$7.01	All expenses	\$7.01
	335 South 9th Street	602	\$3.49	All expenses	\$3.49
8	421 South 9th Street	4,151	\$7.19	Plus Pass Through	\$11.54
	421 South 9th Street	693	\$6.77	Plus Pass Through	\$11.22
	421 South 9th Street	806	\$6.64	Plus Pass Through	\$11.09
	421 South 9th Street	449	\$10.07	Plus Pass Through	\$10.07
	421 South 9th Street	1,503	\$6.35	Plus Pass Through	\$10.70
	421 South 9th Street	5,207	\$6.70	Plus Pass Through	\$11.62
	421 South 9th Street	2,152	\$7.10	Plus Pass Through	\$11.58
	421 South 9th Street	443	\$7.35	Plus Pass Through	\$11.70
	421 South 9th Street	279	\$6.36	Plus Pass Through	\$10.31
	421 South 9th Street	2,800	\$9.07	Plus Pass Through	\$13.95
	421 South 9th Street	1,200	\$6.03	Plus Pass Through	\$10.47
	421 South 9th Street	730	\$6.89	Plus Pass Through	\$11.21
	421 South 9th Street	600	\$11.07	Plus Pass Through	\$11.07
	421 South 9th Street	1,587	\$6.50	Plus Pass Through	\$10.75
	421 South 9th Street	3,762	\$7.43	Plus Pass Through	\$11.93
	421 South 9th Street	2,343	\$7.26	Plus Pass Through	\$11.60
	421 South 9th Street	386	\$6.93	Plus Pass Through	\$10.64
	421 South 9th Street	789	\$6.60	Plus Pass Through	\$10.95
	421 South 9th Street	3,429	\$7.26	Plus Pass Through	\$11.22
	421 South 9th Street	390	\$6.60	Plus Pass Through	\$10.85
	421 South 9th Street	370	\$11.59	Plus Pass Through	\$11.59
	421 South 9th Street	220	\$6.50	Plus Pass Through	\$10.75
9	1327 H Street	1,300	\$7.43	Management and Reserves	\$10.40
	1327 H Street	604	\$11.40	Management and Reserves	\$15.96
	1327 H Street	907	\$11.64	Management and Reserves	\$16.30
	1327 H Street	621	\$9.91	Management and Reserves	\$13.87
	1327 H Street	2,228	\$12.74	Management and Reserves	\$17.87
	1327 H Street	221	\$10.86	Management and Reserves	\$15.20
	1327 H Street	221	\$20.09	Management and Reserves	\$28.13
	1327 H Street	221	\$22.75	Management and Reserves	\$31.85
	1327 H Street	3,798	\$18.45	Management and Reserves	\$25.83
10	643 South 25th Street	4,440	\$7.11	Management and Reserves	\$9.96
	643 South 25th Street	7,531	\$5.75	Management and Reserves	\$8.05

Applicability to the Subject Property

The comparable rentals analyzed are competing use properties in the subject neighborhood, or other similar areas of the Lincoln market.

The comparable rentals previously summarized have been adjusted for estimated owner expenses to make the lease rates like the subject's potential gross leases. The office leases are considered similar to the subject property in both size and location. The indicated market rental rates for the subject property as demonstrated by these rentals ranges widely from \$3.49 to \$31.85 per square foot. The indicated market rental rates at the high end of the range are for areas recently renovated areas that include sophisticated medical finish. The leases indicate rates generally ranging from \$6.00 to \$14.00 per square foot.

While none of the comparable rentals are identical to the subject, they all demonstrate general market conditions. Considering all factors relating to the subject including age, location, condition, utility, and size, it is the opinion of the analyst that the most probable market rental rate applicable to the subject is within the range demonstrated by the rentals.

Final Selection of Rental Rate

The subject property includes 10,864 square feet on the first level, 10,639 square feet on each of the second, third, and fourth levels, and 12,954 square feet on the lower level, and a total net rentable area of 55,735 square feet.

The third and fourth levels include inferior utility compared to the first and second levels and are considered to have slightly less market appeal compared to the first/second levels of the subject property. The lower level includes inferior utility compared to the third and fourth levels and is considered to have slightly less market appeal compared to the third and fourth levels. Additionally, the lower level includes a former gymnasium, former daycare finish, and mechanical/storage use areas. Based on the current finish and utility of the lower level, the projected rental rate is considered to be in the lower portion of the indicated rental range.

Based on the uses and configuration of the five levels within the subject property, the rental rates for the subject property are considered to be within the lower portion of the indicated ranges based on the finish and amenities that these areas possess or as followed.

Potential Gross Income Estimation

First Level	10,864 sq. ft. x \$10.00 = \$108,640
Second Level	10,639 sq. ft. x \$10.00 = \$106,390
Third Level	10,639 sq. ft. x \$8.00 = \$85,112
Fourth Level	10,639 sq. ft. x \$8.00 = \$85,112
Lower Level	12,954 sq. ft. x \$6.00 = \$77,724
Gross Rental Income	55,735 sq. ft. x \$8.31 = \$462,978

Estimation of Stabilized Vacancy and Expenses

Historic Operating Expenses

The historic operating expenses for the subject property were not provided or were not adequate to provide for a meaningful analysis.

Projection of Stabilized Vacancy and Expenses

The subject property is an office building. Projected operating data have been estimated based on historical expenses of similar buildings in the market, and the experience of the appraiser.

The following allowances are made for the various expense categories.

Vacancy and Credit Loss: The appraiser reviewed the data included in the area description of this report, the history of the subject property, and observed other similar properties in an effort to project the anticipated vacancy level of the subject property. Commercial/office areas have experienced vacancy ranging from about 5% to 15%.

Based on this analysis and on the current demand for similar space in the subject area, the appraiser estimated a stabilized vacancy in the upper portion of the indicated range, or 12.50% as appropriate for the purposes of this appraisal.

Management Expense: Typical management expenses for similar buildings typically range from 4-7% of effective gross income. The management expense for the subject property is projected at 7.00% of the overall effective gross income for the commercial income stream, with none of this expense recaptured.

Real Estate Taxes: The property tax expense is based on the actual property tax liability of the overall property. For 2017, the subject's property tax liability was estimated at \$28,150.50, or 6.95% of overall effective gross income. The property tax expense for the subject property is projected at 7.00% of the overall effective gross income for the commercial income stream, with none of this expense recaptured.

Insurance: Typical insurance expenses for similar office-use buildings average approximately 1% to 3% of effective gross income. An insurance expense for the subject property equal to 3.00% of the overall effective gross income is considered to be applicable, with none of this expense recaptured.

Utilities: Expenses for utilities typically range from 5% to 15% of effective gross income for similar office-use properties. A utility expense for the subject property equal to 10.00% of the overall effective gross income is considered to be applicable, with none of this expense recaptured.

Maintenance: Typical maintenance expenses for similar office-use properties typically range from 5% to 15% of effective gross income for similar use properties. A maintenance expense for the subject property equal to 12.00% of the overall effective gross income is considered to be applicable, with none of this expense recaptured. This expense includes contract service expenses.

Reserves: Typically, end-of-year operating statements do not include an expense for reserves for replacement because the expense reflects a capitalized basis rather than an expense item.

However, this expense category includes the funds necessary for periodic replacement of short-lived items including roof, mechanical systems, and appliances. Because the subject property includes fair to average conditioned space, an amount equivalent to 6% of the effective gross income is considered adequate for the subject property. This estimate also is verified by comparison to other similar office-use properties. None of this expense recaptured.

Other Expenses: Tenants are responsible for all other expenses.

These expenses are considered to be appropriate for most potential uses of the subject property. The lease rates for the subject property are considered to include the use of typical commercial/office buildings.

Capitalization Rate

A capitalization rate is a ratio utilized to translate net income into a value indication by the Income Capitalization Approach. Typically, capitalization rates are derived using two separate techniques--the market abstraction method, and the band of investment method.

Direct Capitalization

The appraiser constantly reviews sales of income producing real estate for market capitalization rates. These rates vary based on the buyer's motivation, the size of the project, its location, and the financing available.

The appraiser's review of sales attempts to stabilize the motivations and the size of the project by including a large number of sales. The larger the sample, the more accurate the results.

Since this approach treats the subject as an income-producing property, the appraiser has relied on typical rates of return investors are requiring on investment properties in the area. The following sales from the market were used to indicate typical capitalization rates.

Location	Sale Price	Sale Date	Year Built	Indicated Rate	Use
245 South 84 th Street, Lincoln	\$2,600,000	2017	1977	8.16%	Office
4001 O Street, Lincoln	\$1,325,000	2017	1983	9.10%	Retail
701 North 48 th Street, Lincoln	\$1,100,000	2017	1952	9.58%	Office
1448 North 48 th Street, Lincoln	\$2,100,000	2016	1983	5.78%	Restaurant
2801 South 48 th Street, Lincoln	\$1,867,843	2016	1986	5.75%	Restaurant
8901 Andermatt Drive, Lincoln	\$1,900,000	2016	2005	6.90%	Retail
2400 South 48 th Street, Lincoln	\$791,000	2016	1996	5.92%	Retail
2600 Kimco Place, Lincoln	\$1,760,000	2016	1999	8.00%	Warehouse
2750 Pine Lake Road, Lincoln	\$3,700,000	2015	1999	6.56%	Restaurant
2604 St. Patrick Ave., Grand Island	\$650,000	2015	1981	5.83%	Retail
819 N. Diers Ave., Grand Island	\$1,125,000	2015	2000	9.50%	Retail
3300 North 27 th Street, Lincoln	\$13,491,252	2015	1993	5.26%	Big Box
3400 North 27 th Street, Lincoln	\$9,270,482	2015	1999	8.27%	Big Box
220 Southwest 32 nd Street, Lincoln	\$1,157,904	2015	2015	9.11%	Cold-Storage
1604 & 1608 South 1 st St., Lincoln	\$414,000	2015	1995	8.68%	Service
4330 Cornhusker Highway, Lincoln	\$476,500	2015	1974	9.41%	Daycare
4200 South 27 th Street, Lincoln	\$5,957,696	2015	1970	7.25%	Big Box
7130 South 29 th Street, Lincoln	\$1,157,000	2015	1988	8.61%	Office
2940 Cornhusker Highway, Lincoln	\$957,340	2014	1954	8.30%	Service/Retail
4310 North 27 th Street Lincoln	\$560,000	2014	1996	6.41%	Retail
2301 O Street, Lincoln	\$1,585,000	2014	1962	6.40%	Retail
4400 North 48 th Street, Lincoln	\$1,230,000	2014	1974	9.43%	Flex
11302 I Street, Omaha	\$4,400,000	2014	2003	7.73%	Warehouse
4111 Pioneer Woods Drive, Lincoln	\$1,586,000	2014	2004	7.83%	Restaurant
1600 Windhoek Drive, Lincoln	\$3,300,000	2014	1988	8.80%	Office/Industrial
2130 Winthrop Road, Lincoln	\$690,000	2013	1957	10.30%	Retail
5250 Cornhusker Hwy., Lincoln	\$1,500,000	2013	1960	15.96%	Motel
623 South 18 th Street, Lincoln	\$490,000	2013	1973	15.12%	Multifamily
1228 South 23 rd Street, Lincoln	\$144,000	2012	1965	10.63%	Multifamily
2851 South 168 th Street, Omaha	\$3,610,000	2010	1998	10.19%	Retail
5312 South 136 th Street, Omaha	\$6,650,000	2008	1987	11.25%	Big Box
5645 North 90 th Street, Omaha	\$11,700,000	2008	1974	10.43%	Retail

The overall rates range from 5.26% to 15.12%. The most recent sales indicate rates generally below 8.50%. The sales cited above suggest that overall rates have been steady over the recent past, with some recent sales indicating rates below 7.00%.

The subject property functions as a large office-use property and has typical exposure. The perceived risk is higher with larger older office-use properties and based on current trends and the range established by the sales listed above, it is the appraiser's opinion that the indicated capitalization rate for the subject property is in the 10.50% to 11.50% range, which is reflective of larger older office-use properties that have sold.

Band of Investment

The band of investment method considers both the lender's interest and the investor's interest in a property. The lenders interest is reflected in the loan amount, term of loan, and interest rates charged. The investor's interest is reflected in the equity yield rate, or the return on the initial investment.

This method essentially synthesizes a weighted ratio of debt and equity into a capitalization rate. Therefore, the variables include debt-to-equity ratios, interest rates, loan terms, and desired equity rates. Inasmuch as these vary, based on investors' motivations and tax brackets, financial institutions' portfolio philosophies for lending, and the Federal Reserve policy, the changes can impact the capitalization rate considerably. At the same time, the interest rate changes the loan-to-value ratios on debt coverage, requiring more equity. In today's market, it is estimated that the interest rate on a typical loan on a property of this type may be in the range of 6.00% to 8.00%, with a loan-to-value ratio of 70% to 75% and an amortization period of 15 to 25 years. It is the opinion of the analyst that an equity capitalization rate in the range of 7% to 10% is sufficient to attract capital to this type of risk. Assuming a 70% loan-to-value, a 6.50% fixed rate, a 20-year term, and an 11.0% equity dividend rate results in the following capitalization rate:

0.70	X	0.08947	=	0.06263
0.30	X	0.11000	=	0.03300
		OAR	=	<u>0.09563</u>
		Called		9.60%

Summary

The market sales are considered to indicate a rate in the range of 10.50% to 11.50%. The band of investment indicates rates of 9.60%. The appraiser considers both methods in the final selection. The overall capitalization rate selected is 11.00%.

Projected Income to the Real Estate

POTENTIAL GROSS INCOME		\$462,978
LESS VACANCY	12.50%	<u>\$57,872</u>
EFFECTIVE GROSS INCOME		\$405,106

	% of EGI	Total Expense	Expense Recapture	Actual Expense
LESS EXPENSES				
MANAGEMENT	7.00%	\$28,357	\$0	\$28,357
REAL ESTATE TAXES	7.00%	\$28,357	\$0	\$28,357
INSURANCE	3.00%	\$12,153	\$0	\$12,153
UTILITIES	10.00%	\$40,511	\$0	\$40,511
MAINTENANCE	12.00%	\$48,613	\$0	\$48,613
RESERVES FOR REPLACEMENT	6.00%	\$24,306	\$0	\$24,306
TOTAL EXPENSES	45.00%	\$182,298	\$0	\$182,298
ACTUAL EXPENSES AFTER RECAPTURE				<u>\$182,298</u>
NET OPERATING INCOME				\$222,808

CAPITALIZED AT	11.00%	
ESTIMATED VALUE OF SUBJECT PROPERTY		\$2,025,529
		CALLED \$2,026,000
		\$36.35 Per Sq. Ft.

Final Selection of Value based on Income Capitalization Approach

Based on the Income Capitalization Approach, the preceding analysis has estimated value of the subject property to be \$2,026,000.

RECONCILIATION OF VALUE

The three approaches have indicated the following values.

COST APPROACH	N/A
SALES COMPARISON APPROACH	\$1,950,000
INCOME CAPITALIZATION APPROACH	\$2,026,000

In this report, the subject property has been identified, described, and analyzed. The description and analysis have included the general market, the neighborhood, the Highest and Best Use, and descriptions of the subject property.

The subject property includes an office building located at 2202 South 11th Street, Lincoln, Nebraska. The subject property was originally constructed in approximately 1928 as a nurses' residence for the former St. Elizabeth Hospital. In the early 1960's, the building was converted into office uses.

The subject property includes a lower level and four levels above grade. The property includes 42,781 square feet of above grade area, with an additional 12,954 square feet of lower level area, and a total gross building area of 55,735 square feet. The improvements are located on a 2.429 acre or 105,807-square foot site.

The three approaches were considered in the appraisal problem presented. The cost approach to value generally provides a good indication of value for newer properties and special use facilities. The major limitation in this approach is the estimation of depreciation and obsolescence on properties that are not new. The subject improvements were constructed in 1928. Subsequent renovations have extended the useful life of the structure. Depreciation and obsolescence are difficult to extract from the market, and these estimates tend to be subjective. Therefore, the cost approach was not considered necessary to provide for reliable indication of the subject's value due to the age, condition, and utility of the existing improvements. The Cost Approach was not utilized within the appraisal report analysis.

The Sales Comparison Approach typically provides a strong indication of value. This is especially true when sufficient, highly comparable sales are available. In the Lincoln market, similar buildings are used for a broad range of uses.

The sales used in this report are similar buildings being utilized for similar uses. Even though the sales varied in size, condition, and amount of finish, they provide a good indication of the market conditions for the subject property. The Sales Comparison Approach is considered to be a reliable indication of value, and is given consideration in the final estimate of value.

The Income Capitalization Approach is typically given consideration in the valuation of income producing properties. The Income Capitalization Approach includes income, expense, and rate data taken from the market.

The gross income estimate was derived from reliable market data. The rental rates estimated in this report are within the indicated market rental range, and the appraiser concludes that the market rent estimated represents the current market for a property similar to the subject improvements.

The capitalization rate was derived from mortgage/equity considerations and supported by the market. The operating expenses are based on expenses of similar properties, and the experience of the appraiser. The discount rate is considered reasonably well supported and reflective of the risks associated with the investment. The Income Capitalization Approach is considered to be a reliable indication of value, and is given consideration in the final estimate of value. The Income Capitalization Approach is generally considered to be a good indicator of value for properties that can be rented and generate an income stream. The Income Capitalization Approach is considered to be a reliable indication of value, and is given consideration in the final estimate of value.

Based upon the preceding data and analysis, subject to *Extraordinary Assumptions, Hypothetical Conditions* and *General Limiting Conditions* herein cited, the estimated market value of the Fee Simple Estate in the property, in its current condition, and as of May 12, 2017, is estimated to be:

TWO MILLION TWENTY-FIVE THOUSAND DOLLARS
(\$2,025,000.00)

QUALIFICATIONS OF APPRAISER

Jason L. Pickereel, MAI

EXPERIENCE

Great Plains Appraisal Company, Lincoln, Nebraska

Commercial Department

- Staff Real Property Appraiser - December 2013 to Present

- Real Property Appraiser Trainee/Clerk - April 2010 to December 2013

Extensive experience since 2010 in the appraisal of commercial, industrial, agricultural, residential, and special-purpose properties. Primary experience related to general appraisal, real property tax, condemnation, and litigation issues.

LICENSES

Nebraska Real Estate Appraiser

- Certified General Real Property Appraiser CG2013022

PROFESSIONAL AFFILIATIONS

Appraisal Institute - MAI Designation - 2016 - Present

Appraisal Institute - Treasurer, Nebraska Chapter - 2017 - Present

Appraisal Institute - Member, Board of Directors, Nebraska Chapter - 2015 to 2017

Appraisal Institute - Candidate for Designation - 2013 to 2016

Appraisal Institute - Candidate Committee Chair, Nebraska Chapter - 2014

EDUCATION

University of Nebraska - Lincoln, Lincoln, Nebraska

Bachelor of Arts, Economics 2009

Appraisal Institute - Coursework

“Uniform Appraisal Standards for Federal Land Acquisitions: Practical Applications”:
Course/Exam - 2017

“Advanced Concepts & Case Studies” - 503GD: Course/Exam - 2014

“Advanced Market Analysis and Highest & Best Use” - 500GD: Course/Exam - 2014

“Advanced Income Capitalization” - 501GD: Course/Exam - 2012

“General Appraiser Report Writing and Case Studies” - 405G: Course/Exam - 2012

“General Appraiser Site Valuation and Cost Approach” - 402G: Course/Exam - 2012

“General Appraiser Market Analysis & Highest and Best Use” - 400G: Course/Exam - 2012

“General Appraiser Sales Comparison Approach” - 401G: Course/Exam - 2011

“Real Estate Finance, Statistics, and Valuation Modeling” - 300GR: Course/Exam - 2011

“Online Business Practices and Ethics” - Course/Exam - 2011

“General Appraiser Income Approach/Part 2” - 404G: Course/Exam - 2011

“General Appraiser Income Approach/Part 1” - 403G: Course/Exam - 2011

“Uniform Standards of Professional Appraisal Practice” - 410N: Course/Exam - 2010

“Basic Appraisal Procedures” - 101GR - Course/Exam - 2010

“Basic Appraisal Principals” - 100GR: Course/Exam - 2010

Appraisal Institute - Seminars

“Honing In: State of the Industry and Profession Development” - 2017

“A Refresher for Appraisal Professionals” - 2017

“Real Time Outlook - NRPAB, Omaha Market & Development Overview” - 2017

“General Demonstration Report Writing” - 2015

“Going Concern Appraisals and the Allocation of Assets” - 2011

QUALIFICATIONS OF APPRAISER

Jason L. Pickerel, MAI
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The Moore Group - Coursework

- "National USPAP Update 2016-2017" - C21601: Course - 2016
- "Report Writing Update and Case Studies" - C21402: Course - 2015
- "National USPAP Update 2014-2015" - C21401: Course - 2014
- "National USPAP Update 2012-2013" - C21201: Course - 2012
- "Residential Report Writing and Case Studies" - LCR007: Course/Exam - 2011

Crew Midwest - Coursework

- "Commercial Real Estate Workshop" - C21303: Course - 2013

State of Nebraska Appraiser Credential

State of Nebraska Real Property Appraiser Board



Hereby certifies that: JASON L. PICKEREL
GREAT PLAINS APPRAISAL INC
115 CHERRY HILL BLVD
LINCOLN, NE 68510-2639

Is credentialed in the State of Nebraska as a:
Certified General Real Property Appraiser

Holding credential number: CG2013022

Issued on: Jan 01, 2017

Set to expire on: Dec 31, 2017

Nebraska Real Property Appraiser Board Director: _____

A handwritten signature in black ink, appearing to read "Tyler N. Kohn", is written over a horizontal line.

All address changes, business or residence must be reported to the Real Property Appraiser Board immediately.

This Pocket Card is proof that such person is credentialed under the Real Property Appraiser Act unless credential has been canceled, surrendered, suspended, or revoked.

Nebraska Real Property Appraiser Board
301 Centennial Mall South, LL PO Box 94963
Lincoln, Nebraska 68509-4963
Phone: 402-471-9015 Fax: 402-471-9017 www.appraiser.ne.gov

<i>Administrative Identification Number:</i> 6344-2017	<i>Registration Fee Paid:</i> \$275.00
<i>Random Fingerprint Audit Program Fee Paid:</i> \$5.00	<i>Federal Registry Fee Paid:</i> \$40.00

ADDENDA

AGREEMENT FOR APPRAISAL SERVICES

This Agreement is entered into this 11 day of April, 2017, by and between Great Plains Appraisal, Inc., hereinafter referred to as "the Contractor," and the County of Lancaster, Nebraska, hereinafter referred to as "the County." Collectively the County and the Contractor may be referred to as "Parties," and individually each may be referred to as a "Party."

WHEREAS, the County desires to hire an appraiser to appraise the property located at 2202 S. 11th Street., Lincoln, Nebraska, commonly referred to as Trabert Hall ("the Property"), and to prepare and submit an Appraisal Report for the Property;

WHEREAS, the Contractor is qualified with the necessary skills, expertise, and experience to meet those needs; and

WHEREAS, the County and the Contractor desire to set forth their understanding in writing;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, it is agreed between the Parties as follows:

1) The Term of this Agreement shall be from the date of execution by both Parties through the date of Contractor's completion of the Appraisal Report for the Property and its submission to the County, but in no event shall the Agreement remain in effect later than eight weeks from the date of execution by both Parties.

2) The purpose of this Agreement is for the Contractor to appraise the Property and to prepare and submit an Appraisal Report for the Property.

3) The Contractor shall provide the Services outlined in the Contractor's Engagement for Appraisal Services, attached hereto as Attachment A, and incorporated herein by this reference.

4) The County shall provide Contractor with reasonable access to the Property.

5) Compensation: In exchange for Contractor's performing all of the Services and other duties provided for in this Agreement, the County shall pay the Contractor Four Thousand Dollars (\$4,000.00). Within 30 days of delivery of the completed Appraisal Report to County, Contractor shall submit an invoice for reimbursement to County. County shall pay Contractor within 30 days of receipt of the invoice for reimbursement.

The County shall not be responsible for the direct payment of any wages, insurance or fringe benefits, including, but not limited to, vacation, overtime, retirement benefits, workers' compensation insurance, and unemployment insurance. The County shall not be responsible for compensating Contractor for any instruction not actually provided, or for any additional Contractor expenses whatsoever.

6) Independent Contractor: It is the express intent of the Parties that this Agreement shall not create an employer-employee relationship. Employees of the Contractor shall not be deemed to be employees of the County and employees of the County shall not be deemed to be employees of the Contractor. The Contractor and the County shall be responsible to their respective employees for all salary and benefits. Neither the Contractor's employees nor the County's employees shall be entitled to any salary or wages from the other Party or to any benefits made to their employees, including, but not limited to, overtime, vacation, retirement benefits, workers' compensation, sick leave, or injury leave. Contractor shall also be responsible for maintaining workers' compensation insurance, unemployment insurance for its employees, and for payment of all federal, state, local, and any other payroll taxes with respect to its employees' compensation.

7) Assignment: Contractor shall not assign its duties and responsibilities under this Agreement without the express written permission of the County. Any assignment without the express written permission of the County shall be absolutely void.

8) Hold Harmless: Contractor shall indemnify and hold harmless the County, its agents, employees and representatives from all claims, demands, suits, actions, payments, liability, judgments and expenses (including court-ordered attorney's fees), arising out of or resulting from the performance of this Agreement that results in bodily injury, sickness, disease, death, civil rights liability, or damage to or destruction of tangible property, including the loss of use resulting therefrom, and is caused in whole or in part by the Contractor, its employees, agents, or representatives, either directly or indirectly employed by them. This Section 8 will not require Contractor to indemnify or hold harmless the County for any losses, claims, damages and expenses arising out of or resulting from the negligence of the County.

9) Severability: If any portion of the Agreement is held invalid, the remainder hereof shall not be affected thereby, if such remainder would then continue to conform to the terms and requirements of applicable law.

10) Equal Employment Opportunity: In connection with the carrying out of the activities provided herein, the Contractor shall not discriminate against an employee or applicant for employment because of race, color, religion, sex, disability, national origin, age, marital status, or receipt of public assistance, or any other basis prohibited by applicable state or federal law.

11) Termination: This Agreement may be terminated at any time by either Party giving thirty (30) days written notice. Should the Contractor breach this Agreement, the County will notify the Contractor of the breach in writing and the Contractor will have ten (10) days to cure. If the breach is not cured within ten (10) days, the County may, at its discretion, terminate the contract immediately upon written notice to the Contractor.

12) Governing Law: This Agreement shall be construed in accordance with and governed by the laws of the State of Nebraska.

13) Insurance. The Contractor shall, prior to beginning work, provide proof of insurance

coverage in a form satisfactory to the County, which shall not withhold approval unreasonably. The coverages and minimum levels required by this Agreement are set forth below and shall be in effect for all times that work is being done pursuant to this Contract. No work pursuant to this Agreement shall begin until all insurance obligations herein are met to the satisfaction of the County, which shall not unreasonably withhold approval. Self-insurance shall not be permitted unless consent is given by the County prior to execution of the Agreement. Deductible levels shall be provided in writing from the Contractor's insurer and will be no more than \$25,000.00 per occurrence.

a) **Workers' Compensation.** The Contractor shall provide proof of workers' compensation insurance of not less than minimum statutory requirements under the laws of the State of Nebraska and any other applicable State. The Contractor shall provide the County with an endorsement for waiver of subrogation. The Contractor shall also be responsible for ensuring that all subcontractors have workers' compensation insurance for their employees before and during the time any work is done pursuant to this Contract.

b) **Commercial General Liability.** The Contractor shall provide proof of Commercial General Liability Insurance with the coverages and at the minimum limits set forth herein. These minimum limits can be met by primary and umbrella liability policies. Coverage shall include: Premises-Operations, Products/ Completed Operations, Contractual, Broad Form Property Damage, and Personal Injury and shall be no less than \$1,000,000 Each Occurrence and \$2,000,000 Aggregate. The Contractor shall provide an additional insured endorsement acceptable to the County, and approval shall not be unreasonably withheld.

c) **Automobile Liability.** The Contractor shall provide proof of Automobile coverage, which shall include: Hired and Non-Owned, Bodily Injury and Property Damage Combined Single Limit shall be at least \$1,000,000 Per Accident.

d) **Professional Liability.** Professional Liability Insurance covering damages arising out of negligent acts, errors, or omissions committed by Contractor in the performance of this Agreement, with a liability limit of not less than \$1,000,000 each claim. Contractor shall maintain this policy for a minimum of two (2) years after completion of the work or shall arrange for a two year extended discovery (tail) provision if the policy is not renewed.

e) **Additional Insured.** An Additional Insured endorsement shall be provided to County naming County as additional insureds using ISO additional insured endorsement (CG20 10), under the commercial general liability policy and automobile liability policy. Said insurance shall be written on an **OCCURRENCE** basis.

f) **Certificates.** The Contractor shall provide certificates of insurance and endorsements evidencing compliance with these requirements. Upon request, the Contractor shall furnish a full and complete copy of any policy of insurance (other than

workers' compensation), required by this Contract, to the County within a reasonable time, not to exceed thirty days. During the term of the Agreement and during the period of any required continuing coverages, the Contractor shall provide, prior to expiration of the policies, certificates and endorsements evidencing renewal insurance coverages. The parties agree that the failure of County to object to the form of a certificate and/or additional insured endorsement provided shall not constitute a waiver of this requirement.

g) Minimum Scope of Insurance. All insurance coverage are to be placed with insurers authorized to do business in the State of Nebraska and must be placed with an insurer that has an A.M. Best's Rating of no less than A:VII unless specific approval has been granted otherwise.

h) Sovereign Immunity. Nothing contained in this Section or other Sections of this Agreement shall be construed to waive the Sovereign Immunity of the County.

14) During the term of this Agreement, the Contractor shall perform all services in accordance with the established and applicable standards and in accordance with applicable state and local laws.

15) All notices, request for services, or other communications provided under this Agreement shall be in writing and shall be given to the Department of Community Corrections or the Contractor at the address set forth below or such other address as either may specify hereafter in writing:

County:

Lancaster County
c/o Don Killeen
555 South 10th Street
Lincoln, Nebraska 68508

Contractor:

Great Plains Appraisal, Inc.
115 Cherry Hill Blvd.
Lincoln, Nebraska 68510

Such notice or other communication may be mailed by United States Certified mail, return receipt requested postage prepaid and may deposited in a United States Post Office Box or a depository for the receipt of mail regularly maintained by the Post Office. Such notices or communication may also be delivered by hand. For the purpose of the Agreement, all notices will be deemed to have been given upon the date of the personal delivery or three days after having been deposited in the United States Post office as proved above.

16) Entire Agreement: The Parties hereby agree that this Agreement constitutes the entire understanding of the Parties and supersedes all prior Contracts, agreements and negotiations between the Parties whether verbal or written.

17) Forbearance Not Waiver: County's failure or neglect to enforce any of its rights under this Agreement will not be deemed to be a waiver of County's rights.

EXECUTED this 17th day of March, 2017, by Contractor.

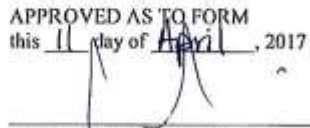
BY: 

NAME: Thomas W. Kuback, President

TITLE: Great Plains Appraisal Co. Inc.

EXECUTED this 11 day of April, 2017, by Lancaster County, Nebraska.

APPROVED AS TO FORM
this 11 day of April, 2017


Deputy County Attorney for
JOE KELLY, County Attorney

BY: Jennifer J. Binkme

Deb Schorr
[Signature]
[Signature]
Avery Absent



Thomas W. Kubert, MAI, CCIM
Cody Gerdes, MAI
Lori L. Johnson, MAI
Wayne W. Kubert, MAI

**ENGAGEMENT FOR APPRAISAL SERVICES
NON-RESIDENTIAL
(PAGE 1 OF 2)**

CLIENT INFORMATION

CLIENT: Lancaster County CLIENT CONTACT: Don Killeen
 DELIVERY ADDRESS: 555 South 10th Street
 CITY: Lincoln STATE: NE ZIP CODE: 68508
 PHONE NUMBER: Don: (402) 441-7356 E-MAIL: dkilleen@lancaster.ne.gov
 SECONDARY CLIENT: _____

PROPERTY INFORMATION

OWNER NAME(S): Lancaster County
 PROPERTY ADDRESS: 2202 S. 11th Street, Lincoln, NE
 LEGAL DESCRIPTION/PARCEL ID: 10-35-437-003-000
 PROPERTY TYPE: APARTMENT- # UNITS: _____ OFFICE INDUSTRIAL SERVICE
 RETAIL MIXED USE LAND OTHER: _____

USE/USER(S) OF APPRAISAL

USE: SALE SALE PRICE \$ _____ INTERNAL OWNERSHIP DECISION PROCESS
 FINANCE/REFINANCE OTHER _____
 USER OF APPRAISAL REPORT: CLIENT OWNER
 OTHER _____

SCOPE OF SERVICES

APPRAISAL REPORT CONSULTATION
 RESTRICTED APPRAISAL REPORT OTHER: _____

PRIOR APPRAISAL SERVICES

I HAVE PERFORMED SERVICES AS AN APPRAISER, OR IN ANY OTHER CAPACITY, REGARDING THIS PROPERTY WITHIN THE THREE-YEAR PERIOD IMMEDIATELY PRECEDING THIS PROPOSAL

YES NO

COMMENT: N/A

INITIAL INFORMATION NEEDED (IF APPLICABLE)

PURCHASE AGREEMENT LEASE DATA/COPY (if any)
 PLANS/COSTS REAL ESTATE INCOME/EXPENSE DATA (if available)
 OTHER: Cross-Access Agreements, if any

PROPERTY ACCESS INFORMATION

CONTACT NAME: Don Killeen PHONE: (402) 441-7356
 OWNER REPRESENTATIVE TENANT OTHER: _____

GREAT PLAINS APPRAISAL, INC.
ENGAGEMENT FOR APPRAISAL SERVICES
NON-RESIDENTIAL
(PAGE 2 OF 2)

PROPOSAL

- APPRAISAL SERVICES REPORT SHALL BE COMPLETED IN ACCORDANCE WITH THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICES AND IN CONFORMITY WITH THE CODE OF PROFESSIONAL ETHICS AND STANDARDS OF THE APPRAISAL INSTITUTE.
- PROPOSED TOTAL FEE
- REQUIRED RETAINER TO BE PAID PRIOR TO COMMENCEMENT OF APPRAISAL PROCESS, REMAINDER OF FEE DUE UPON DELIVERY OF REPORT.
- PROPOSED COMPLETION DATE: _____
 4-5 WEEKS AFTER SIGNED ENGAGEMENT
- HOW MANY COPIES OF REPORT? PDF: YES NO
- APPRAISAL SERVICES MAY BE ASSIGNED WITHIN GREAT PLAINS APPRAISAL BASED ON AVAILABILITY AND COMPETENCY.
- ADDITIONAL SERVICES (MEETINGS, DEPOSITIONS, TESTIMONY, TRAVEL, AND/OR PREPARATION) BILLED AT PER HOUR FOR SERVICES AFTER DELIVERY OF ORIGINAL REPORT.
- COMMENTS: N/A

DISCLOSURE

THE APPRAISERS SIGNING THIS REPORT HAVE FUNCTIONED AS CONSULTANTS TO THE BOARD OF EQUALIZATION OF LANCASTER COUNTY, NEBRASKA DURING THE THREE-YEAR PERIOD PRECEDING THE DATE OF THIS APPRAISAL. THAT CONSULTING ASSIGNMENT MAY HAVE INCLUDED THE SUBJECT PROPERTY RELATED TO THE APPEAL OF ASSESSMENTS FOR TAXATION. THE FUNCTION OF THE APPRAISERS IN THAT CONSULTING CAPACITY WAS EXEMPT FROM THE NEBRASKA REAL PROPERTY APPRAISERS ACT. ALL DATA, ANALYSIS, AND DOCUMENTATION RELATED TO THIS CONSULTING ASSIGNMENT ARE MAINTAINED BY THE COUNTY CLERK OF LANCASTER COUNTY, NEBRASKA.

OTHER: N/A

ACCEPTANCE OF PROPOSAL

PROPOSAL SUBMITTED BY:  DATE: 2/28/2017
PRINT NAME: Thomas W. Kubert

THIS PROPOSAL SHALL BE CONSIDERED VALID FOR DAYS FROM DATE INDICATED WITH THE GREAT PLAINS APPRAISAL SIGNATURE

ACCORDING TO THE TERMS OF THE PROPOSAL, I/WE ACCEPT YOUR PROPOSAL AND WORK IS AUTHORIZED TO BEGIN UPON RECEIPT OF THIS NOTICE, AND ANY REQUIRED RETAINER FEES. ALL REMAINING PROFESSIONAL FEES ARE DUE UPON RECEIPT OF THE APPRAISAL REPORT.

CLIENT SIGNATURE: _____ DATE: _____
PRINT NAME: _____

UPDATED MARCH 2016



CERTIFICATE OF LIABILITY INSURANCE

GREAT-5 OP ID: LH

DATE (MM/DD/YYYY)
03/31/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Mid-Alliance Ins Assoc, LLC 6600 So 48th St, Suite 114 Lincoln, NE 68516-4105 Robert K Marshall	Phone: 402-421-7800 Fax: 402-421-7832	CONTACT NAME PHONE FAX E-MAIL ADDRESS	INSURER(S) AFFORDING COVERAGE NAIC # INSURER A: Owners Insurance Company 32700 INSURER B: Auto-Owners Insurance Group 18988 INSURER C: Lloyd's of London 32727 INSURER D: INSURER E: INSURER F:
INSURED Great Plains Appraisal Co Thomas Kubert 115 Cherry Hill Blvd Lincoln, NE 68510-2639			

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INCL. LTR.	TYPE OF INSURANCE	ADDITIONAL SUBROGATION WAIVED	POLICY NUMBER	POLICY EFF. DATE (MM/DD/YYYY)	POLICY EXP. DATE (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIM-MADE <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> Business Owners	X	4975117800	01/24/2017	01/24/2018	EACH OCCURRENCE \$ 2,000,000 DAMAGES TO RENTED PREMISES (Ea occurrence) \$ 300,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ Included GENERAL AGGREGATE \$ 4,000,000 PRODUCTS - COMMODITY AGG \$ 4,000,000
GEN'L AGGREGATE LMT APPLIES FOR: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-SECT <input type="checkbox"/> LOC						
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS		4971117800	01/24/2017	01/24/2018	COMBINED SINGLE LIMIT (Ea accident) \$ 2,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIM-MADE					EACH OCCURRENCE \$ AGGREGATE \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY <input type="checkbox"/> ANY PROPRIETOR/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NE) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	X	39057167	<input checked="" type="checkbox"/> NO STAFF/OTHER LIMITS <input type="checkbox"/> OTHER
B				01/24/2017	01/24/2018	E.L. EACH ACCIDENT \$ 500,000 E.L. DISEASE - EA EMPLOYEE \$ 500,000 E.L. DISEASE - POLICY LIMIT \$ 500,000
C	Professional Liab		MOL141654217	02/20/2017	02/20/2018	E&O \$ 1,000,000 Ded \$ 5,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
 County of Lancaster, Nebraska is an Additional Insured on a primary and non-contributory basis on the General Liability. Waiver of Subrogation applies on the Work Comp.

CERTIFICATE HOLDER County of Lancaster, Nebraska 555 S 10th St. Lincoln, NE 68508	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE <i>Travis Hilger</i>
---	--

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ACORD 25 (2010/05)

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Worker's Compensation and Employers Liability Insurance Policy

WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT

WC 00 03 13

We have the right to recover our payments from anyone liable for any injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule.

This agreement shall not operate directly or indirectly to benefit anyone not named in the Schedule.

Schedule

OLSSON ASSOCIATES
ATTN STEVE BACKMAN
1111 LINCOLN MALL
LINCOLN NE 68508

COUNTY OF LANCASTER, NEBRASKA
555 S 10TH ST
LINCOLN, NE 68508

Agency Code 20-0048-00

Policy Number 49-711-178-00

54819 (8-94)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESSOWNERS ADDITIONAL INSURED ENDORSEMENT

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE BUSINESSOWNERS LIABILITY COVERAGE FORM.

SCHEDULE*

Name of Person or Organization:

COUNTY OF LANCASTER, NEBRASKA

Address:

555 S 10TH ST
LINCOLN NE 68508

Interest:

.

It is agreed:

WHO IS INSURED is amended as follows:

The person or organization shown above is an insured but only with respect to their liability:

1. to which this insurance applies; and
2. which arises out of the specific interest described above.

The limits of insurance for the additional insured are those specified in the written contract or agreement between the insured and the person or organization named above, not to exceed the limits provided in this policy. These limits are inclusive of and not in addition to the limits of insurance shown in the Declarations.

All other terms and conditions of the policy apply.

*If the information is not shown in the Schedule, it will be shown in the Declarations.

LANCASTER COUNTY APPRAISAL CARD

Tax Year: 2017 Run Date: 5/26/2017 9:15:36 AM Page 1 of 5

SALES INFORMATION

Date	Type	Sale Amount	Validity	Muti	Inst.Type	Instrument #

Parcel ID: 10-35-437-003-000

OWNER NAME AND MAILING ADDRESS
 LANCASTER COUNTY
 505 S 10 ST
 LINCOLN, NE 68508

Additional Owners
 No.

PROPERTY STATUS ADDRESS:

2202 S 11 ST
 LINCOLN, NE

GENERAL PROPERTY INFORMATION:

Prop Class: Commercial Improved
 Primary Use: Public Use
 Living Units:
 Zoning: P-Public
 Mbl: CNDOM - Central Lincoln

Tax Unit Grp: 0001
 Schl Code Base: 55-0001 Lincoln
 Exemptions: Lancaster County

Flags:

PROPERTY FACTORS:

GBA: 39.367
 NRA:
 Location: Typical Site
 Parking Type: On Site - 1
 Parking Quantitr: Adequate - 2

LEGAL DESCRIPTION:

SAINT FRANCIS 1ST ADDITION, Lot 3

BUILDING PERMITS

Number	Issue Date	Amount	Status	Type	Description

INSPECTION HISTORY

Date	Time	Process	Reason	Appraiser	Contact-Code
10/17/2012		Routine, Interior and Exterior - 12	General Review	P,JF	
07/02/2009		Routine, Exterior only - 14	General Review	P,JF	
02/15/2001		Conversion - 13	Conversion	P,JF	Other - 8

RECENT APPEAL HISTORY

Year	Level	Case #	Status	Action	Total
2017					\$1,445,700
2016					\$1,445,700
2015					\$1,445,700
2014					\$0
2013					\$0

ASSESSED VALUE HISTORY

Year	Land	Building	Total
2017	\$592,500	\$853,080	\$1,445,580
2016	\$592,500	\$853,100	\$1,445,600
2015	\$592,500	\$853,100	\$1,445,600
2014	\$0	\$0	\$0
2013	\$0	\$0	\$0

APPRAISED VALUES

	Land	Building	Total	Method
Current	\$592,500	\$853,080	\$1,445,580	PRIOR
Prior	\$592,500	\$853,080	\$1,445,580	PRIOR
Cost	\$1,457,250	Market	GRM	\$0
Income	\$1,768,300	MRA	Ovr	

MARKET LAND INFORMATION

Method	Type	ACIS/Units	Int1	Fact1	Int2	Fact2	Int3C	Fact3C	Ave Unit Val	Land Value
Soft	COL-Office						FR	0.50	5.50	592,580

Total Acres 2.41 GIS SF 105195 Mkt Land Total \$592,580
 Taxable As Land Total \$0

GENERAL BUILDING INFORMATION

Building Type: 81-Office - Multi Tenant
 Identical Units: 1 No. of Units: 1 Punc: 1 - Poor

COMMENTS



BUILDING SUMMARY

Total Area: 43,621 RCNLD: \$639,789
 RCN: \$5,089,833 RCNLD/SF: \$119.25
 Depreciation %: 84

COMMERCIAL BUILDING SECTIONS & BASEMENTS

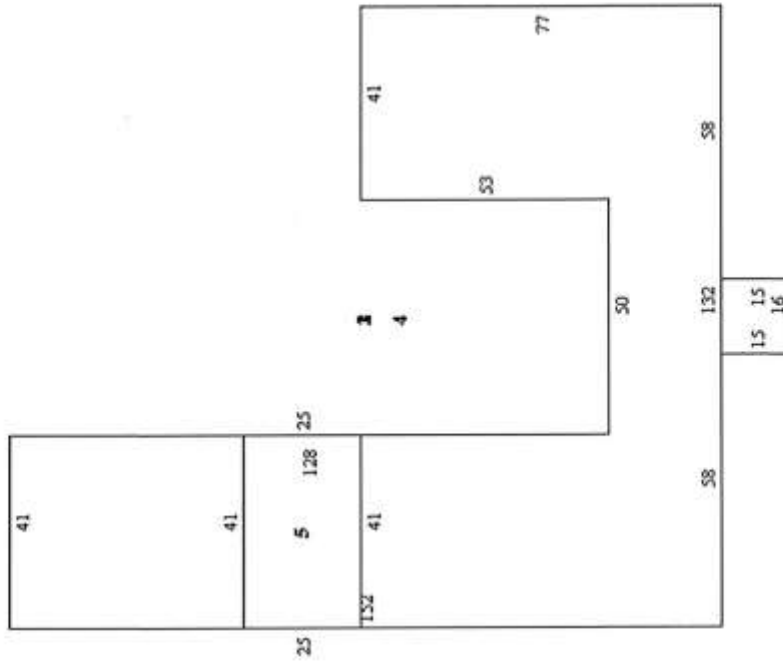
Sec	Occupancy	MS Class	Yr Blt	Rank	Stories	Area	Perimeter	Wall Hot	EH Age
01	344 Office Building	C	1920	1.00	1	10,589	674	12	30
01	358 702 Semifinished	C		0.00		12,829	704	12	
02	344 Office Building	C	1920	1.00	1	10,589	674	12	30
03	344 Office Building	C	1920	1.00	1	10,589	674	12	30
04	344 Office Building	C	1920	1.00	1	10,829	704	12	30
P1	585 Mechanical Penthouse	C	1920	1.00	1	1,025	132	12	30

COMMERCIAL COMPONENTS

Sec	Code	Units	Pct.	Size	Other	Year
01	604 Hot Water	100	100			
01	807 Brck. Solid	100	100			
01	851 Passover #	1			5	
02	604 Hot Water	100	100			
03	604 Hot Water	100	100			
04	604 Hot Water	100	100			
P1	604 Hot Water	100	100			

GENERAL BUILDING INFORMATION
 Building Type: 81-Office - Mult Tenant
 Identical Units: 1 No. of Units: 1 Func: 1 - Poor

Side No: 1
 Building 1 of 1



LANCASTER COUNTY APPRAISAL CARD

Parcel ID: 10-35-437-003-000

Tax Year: 2017

Run Date: 5/26/2017 9:15:36 AM

Page 4 of 5

COST METHOD--OTHER BUILDINGS AND YARD IMPROVEMENTS																				
Occu/Use	MSCI	Rank	Qty	Yr	BIT	Area	Hat	Dimen	St	Cond	RCN	%Dear	RCNLD	%Cme	Code	Units	Pct	Size	Oth Rank	Year
PVA		2.00		1970		32,800				3					8350 Paving, Asphalt w	32,800			2.00	
PVA		2.00		1960		6,688				3					8350 Paving, Asphalt w	6,688			2.00	
											0									

COMMENTS

LANCASTER COUNTY APPRAISAL CARD

Parcel ID: 10-35-437-003-000

Tax Year: 2017

Run Date: 5/26/2017 9:15:36 AM

Page 5 of 5

INCOME DATA AND SUMMARY

Building Type: 08-Office - Gross
 Investment Class: 1
 NOI Override:
 Cap Rate Ovr:

Cap Rate: 11.00
 Eff Tax Rate: 2.00
 Overall Rate: 13.00

NOI: 229,873
 Calc Income Value: 1,768,300
 Residual Land: 0
 FF and E: 0

INCOME SUMMARY SQUARE FOOT MODELS

Type:	Office	Other Income	EXPENSE AMT	EXPENSE %	Description	Area	Total EGI
Name:	Above Grade	Vac & Coll Ovr			Ovr Reason		
Rating:	0 - Very Poor	Expense Ovr			Ovr Reason		
Management	15,416	5.00				33,367	308,311
Utilities	24,665	8.00				350,354	83,244
Insurance	3,083	1.00				10.50	226,067
Res for Rent	15,416	5.00				12.00	
Maintenance	24,665	8.00				42,042	
Total Expenses	83,244	27.00					

SQUARE FOOT MODEL DETAIL

Interior Use	08-Office - Gross	Model	EXPENSE AMT	EXPENSE %	Income Calculations
Net Rentable	08		15,416	5.00	Income Area 33,367
Gross Area		Rent	24,665	8.00	PGI 350,354
Rent Rate Ovr		Vac & Coll	3,083	1.00	Vac & Coll 42,042
Ovr Reason			15,416	5.00	EGI 308,311
			24,665	8.00	
			83,244		

INCOME SUMMARY SQUARE FOOT MODELS

Type:	Office	Other Income	EXPENSE AMT	EXPENSE %	Description	Area	Total EGI
Name:	Basement	Vac & Coll Ovr			Ovr Reason		
Rating:	0 - Very Poor	Expense Ovr			Ovr Reason		
Management	324	6.00				6,000	5,400
Utilities	0	0.00				6,000	594
Insurance	0	0.00				1.00	4,206
Res for Rent	270	0.00				10.00	
Maintenance	270	5.00				500	
Total Expenses	594	11.00					

SQUARE FOOT MODEL DETAIL

Interior Use	43-Storage-Gross	Model	EXPENSE AMT	EXPENSE %	Income Calculations
Net Rentable	43		324	6.00	Income Area 6,000
Gross Area		Rent	0	0.00	PGI 6,000
Rent Rate Ovr		Vac & Coll	0	0.00	Vac & Coll 600
Ovr Reason			270	5.00	EGI 5,400
			270		
			594		



County Treasurer Property Information Search Property Tax Information

Andy Stebbing Lancaster County Treasurer Property Tax Information

Tax Year: 2016 Roll: Real Estate Parcel: 10-35-437-003-000

Owner: LANCASTER COUNTY
 Owner Address: 555 S 10 ST City: LINCOLN, NE 68508
 Situs Address: 2202 S 11 ST City: LINCOLN

Tax District: 0001 LINCOLN Tax Rate: 2.0367580 %
 Property Class: C1 COMMERCIALIMPROVED

Legal Description: SAINT FRANCIS 1ST ADDITION, LOT 3

Tax Sale: No
 Assignment: No Special Assessment History: No

Property Payment Calculator

Payment Date:

No Payment is Due.

Property Tax History

Year	Owner	Tax Value	Tax Credit	Tax Amount	Paid Tax	Paid Int	Paid Fee	Owed Tax+Fee	Tax Sale
2016	LANCASTER COUNTY	0	0.00	0.00	0.00	0.00	0.00	0.00	No
2015	LANCASTER COUNTY	0	0.00	0.00	0.00	0.00	0.00	0.00	No
2014	LANCASTER COUNTY	0	0.00	0.00	0.00	0.00	0.00	0.00	No
2013	LANCASTER COUNTY	0	0.00	0.00	0.00	0.00	0.00	0.00	No
2012	LANCASTER COUNTY		0.00	0.00	0.00	0.00	0.00	0.00	No
2011	LANCASTER COUNTY		0.00	0.00	0.00	0.00	0.00	0.00	No
2010	LANCASTER COUNTY		0.00	0.00	0.00	0.00	0.00	0.00	No

[Back to Search List](#) • [New Search](#)

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<https://lincoln.ne.gov/asp/cnty/cto/property.aspx?vParcel=10-35-437-003-000>

1/2

Inst # 2018034686 Mon Aug 16 16:05:18 CDT 2010
Filing Fee: \$40.00
Lancaster County, NE Registrar/Registrar of Deeds
030303 017104 86987
Paper B

4050
No
SARRI

Upon recording mail to:

Law Offices of Stephen N. Sher, PC
5750 Old Orchard Road, Suite 420
Skokie, Illinois 60077
Attention: Kimberly Kusack

For Recorder's Use Only

BUS PARKING EASEMENT AGREEMENT

THIS BUS PARKING EASEMENT AGREEMENT (this "Agreement") is made this 2nd day of March, 2010, by and between Lancaster County, a duly constituted county of the State of Nebraska ("Grantor"), and Lancaster Manor Real Estate, LLC, a Nebraska limited liability company ("Grantee").

WITNESSETH:

- A. Grantor is the owner of a certain parcel of land located in Lancaster County, Nebraska, more particularly described in Exhibit "A", attached hereto (the "Easement Parcel");
- B. Grantee is the owner of that certain parcel of land located in Lancaster County, Nebraska, more particularly described in Exhibit "B", attached hereto (the "Grantee Parcel"); and
- C. Grantor has agreed to grant to Grantee a perpetual, non-exclusive bus parking easement in, across and upon the Easement Parcel subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the promises, mutual agreements and understandings contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

- 1. Grant of Easement. Grantor hereby grants unto Grantee and its successors and assigns, for the purposes set forth herein, a perpetual, non-exclusive easement (the "Easement") for the parking of vehicles, specifically including a bus, by Grantee, its officers, agents, employees and invitees, and the occupants, tenants, employees and invitees of the improvements constructed or to be constructed on the Grantee Parcel, and the passage of vehicular and pedestrian traffic to and from

First Nebraska Title Company
1640 Normandy Ct Ste C
Lincoln, NE 68512

the Easement Parcel and the Grantee Parcel as is reasonably necessary to fully enjoy such easement rights, which shall be for the benefit of and appurtenant to the Grantee Parcel together with such rights of access thereto, thereon and therein as are reasonably necessary to fully enjoy the Easement. The Easement granted and conveyed herein is a non-exclusive easement, and Grantor thus reserves the right to utilize the Easement Parcel for any purpose which does not unreasonably interfere with the Easement herein, provided that Grantor shall not construct or install, nor permit the construction or installation, of any buildings within the Easement Parcel which would restrict access to or Grantee's use of the Easement Parcel.

2. Improvement and Maintenance of the Easement. Grantee shall have the right to enter upon and use the Easement Parcel for the purpose of the parking of vehicles, specifically including a bus, by Grantee, its officers, agents, employees, and invitees, and the occupants, tenants, employees and invitees of the improvements constructed or to be constructed on the Grantee Parcel and the passage of vehicular and pedestrian traffic to and from the Easement Parcel and the Grantee Parcel ("Grantee's Permitted Use").

3. Run with the Land. All easements and rights described herein are easements and rights running with the land, perpetually in full force and effect and at all times shall inure to the benefit of and be binding on the parties hereto and their respective successors and assigns and any owner, purchaser, mortgagee and the tenants, sub-tenants, licensees, concessionaires, mortgages in possession, customers and business invitees of such parties or any other person having interest in either parcel or any part or portion thereof.

4. Indemnity. Grantee shall defend and indemnify Grantor against, and hold Grantor harmless from, any and all claims, losses injuries, costs, expenses, liabilities, injunctions, suits, actions, fines, penalties, damages and demands of any kind or nature (including but not limited to reasonable attorneys' fees and expenses) incurred by Grantor as a result of the use of the Easement Parcel by Grantee, its agents, officers, directors, employees, invitees, tenants, and contractors. This indemnity does not include the gross negligence or willful misconduct of Grantor.

5. Eminent Domain. Nothing herein shall be construed to give Grantee any interest in any award or payment made to Grantor in connection with any exercise of eminent domain or transfer in lieu thereof affecting the Easement Parcel.

6. Modification. The rights created under this Agreement may not be modified or amended unless such modification or amendment has been reduced to writing, signed by Grantor and Grantee, and recorded in the Real Property Records of Lancaster County, Nebraska.

7. Notices. All notices or communications ("Notices") to be given under or pursuant to this Agreement shall be in writing, addressed to the parties at their respective addresses as set forth below, and shall be delivered by U.S. certified mail, postage prepaid, return receipt requested, or reputable, national, pre-paid overnight delivery service which provides proof of delivery.

To Grantor: c/o Lancaster County Clerk
555 South 10th Street
Lincoln, Nebraska 68508
Fax: (402) 441-8728
Email: ccclerk@lancaster.ne.gov

with a copy to: Lancaster County Attorney
575 South 10th Street
Lincoln, Nebraska 68508
Attn: Mike Thew
Fax: (402) 441-7336
Email: mthew@lancaster.ne.gov

To Grantee: c/o Hunter Management, LLC
2201 West Main Street
Evanston, Illinois 60202
Attn: William Rothner
Facsimile: 847-905-4040
Email: arothner@huntermgt.com

with a copy to: Stephen N. Sher, Esq.
5750 Old Orchard Road, Suite 420
Skokie, Illinois 60077
Fax: 847-324-7996
Email: steve@sherlaw.net

Notices shall be effective (i) three (3) days after deposit in the U.S. mail if delivered by certified mail, or (ii) on the next business day if sent by overnight delivery service. The parties may change their notice addresses from time to time upon written notice to the other and as parties other than the originally named Grantor and/or Grantee obtain an interest in the Grantee Parcel or the Easement Parcel, respectively, or any portion thereof, subject to the terms and conditions of this Agreement. The transferor Grantor or Grantee shall advise the other party of the name and address of the party to receive notice as provided herein, provided that until such time as the transferor Grantor or Grantee notifies the other party of any such transferee party or other change in the address, such other party shall be entitled to continue to rely on the accuracy of the notice address previously in effect.

8. **Binding Effect.** The Easement and other obligations created hereunder shall create mutual benefits and servitudes running with the land. Subject to the other provisions hereof, this Agreement shall bind and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

9. **Headings.** The headings herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or intent of this document nor in any way effect the terms and provisions hereof.

10. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto concerning the subject matter hereof, and no party has relied upon any statement, promise or representation not herein expressed.

11. Partial Invalidation. If any provision of this Agreement shall be or become invalid, illegal or unenforceable in any respect under any applicable law, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired thereby.

12. Counterparts. To facilitate execution, this Agreement may be executed in any number of counterparts as may be convenient or necessary, and it shall not be necessary that the signatures of all parties hereto be contained on any one counterpart hereof. All executed counterparts of this Agreement shall be deemed to be originals, but all such counterparts taken together or collectively, as the case may be, shall constitute one and the same agreement.

13. Applicable Law. This Agreement shall be given effect and construed by application of the law of Nebraska.

14. Authority. The parties hereto represent and warrant that each party has the appropriate authority to execute and deliver this Agreement.

15. Attorneys' Fees. If either party files any action or brings any proceeding against the other arising out of this Agreement, or is made a party to any action or proceeding brought by a third party arising out of this Agreement, then, as between Grantor and Grantee, the prevailing party shall be entitled to recover, as an element of its costs of suit and not as damages, reasonable attorneys' fees to be fixed by the court. The "prevailing party" shall be the party who is entitled to recover its costs of suit, whether or not the suit proceeds to final judgment. A party not entitled to recover its costs shall not recover attorneys' fees.

[Signatures carried forward to next page]

IN WITNESS THEREOF, the parties have executed this Bus Parking Easement Agreement as of the day and year first above written.

GRANTOR:

Lancaster County, a County of Lancaster, Nebraska

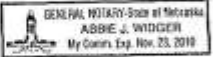
By: The Board of County Commissioners of Lancaster County

By: Bernie Heier
Name: Bernie Heier
Its: Chair

STATE OF NEBRASKA)
) SS:
COUNTY OF LANCASTER)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Bernie Heier, Chair of The Board of County Commissioners of Lancaster County, on behalf of Lancaster County, a County of Lancaster, Nebraska, known to me to be the person and Chair whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said Chair and that he executed the same as the act of said entity for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 2nd day of March, 2010.



Abbie J. Widger
Notary Public

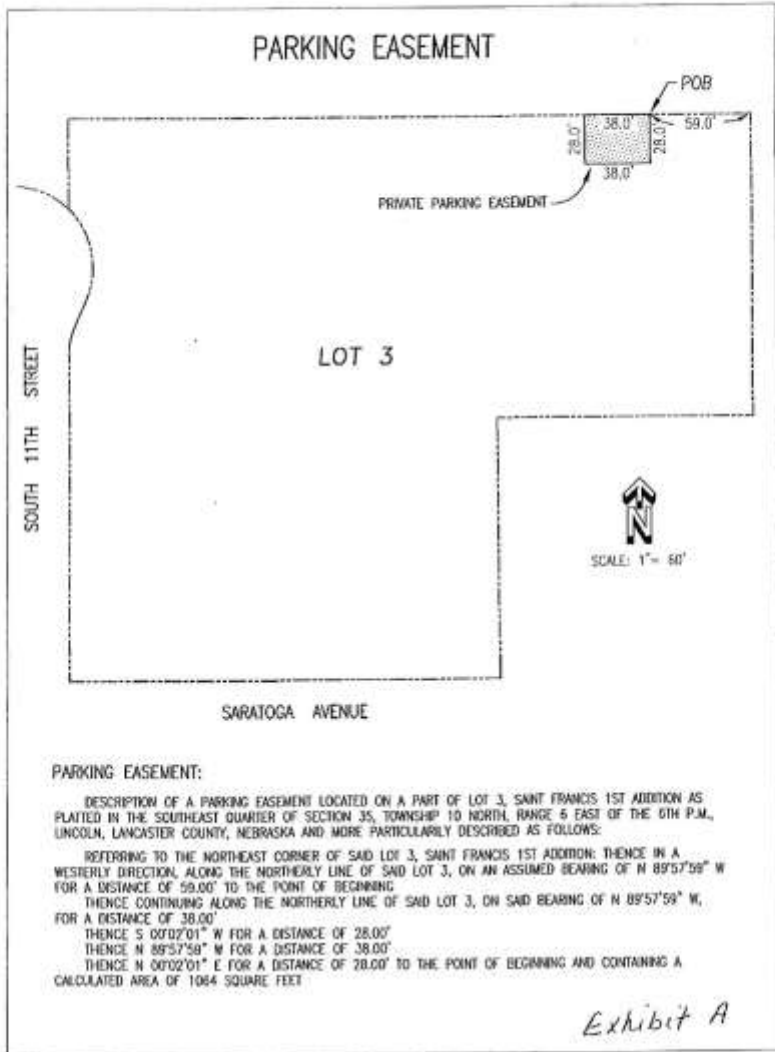


EXHIBIT B

GRANTEE PARCEL LEGAL DESCRIPTION

Lot 1, Saint Francis 1st Addition, Lincoln, Lancaster County, Nebraska

C - 14 - 0169
RECEIVED

MAR 27 2014

LANCASTER COUNTY
CLERK



STATE OF NEBRASKA
DEPARTMENT OF ADMINISTRATIVE SERVICES
STATE BUILDING DIVISION CA-65110246
LEASE AGREEMENT - ADDENDUM #3

This Lease Agreement - Addendum #3, hereinafter this "Addendum," by and between Lancaster County, as "Lessor," and Department of Administrative Services, State Building Division, as "Lessee," acting on behalf of Department of Correctional Services, as "Tenant Agency," for office space located at:

TRABERT HALL
2202 S 11TH ST, STE 200
LINCOLN, NE 68502-3559

WHEREAS, Lessor and Lessee entered into that certain Lease Agreement, dated May 1, 2011 and ending April 30, 2012, which has been renewed annually thereafter; and

WHEREAS, Lessor and Lessee desire to extend the Term of this Lease at the current rent rate;

NOW THEREFORE, in consideration of the mutual covenants contained herein, the parties amend this Lease, as follows:

AGREEMENT

1. As to Section 2. Term., the following language shall be inserted at the end of Subsection 2.1, as follows:

"The Term shall be renewed for a two (2) year renewal period, commencing on May 1, 2014 and ending on April 30, 2016."

2. **NO OTHER CHANGES.** Unless expressly amended hereby, all other terms and conditions contained in this Lease shall remain unchanged and in full force and effect, and are hereby ratified and confirmed. To the extent of any conflict between the provisions hereof and this Lease, the provisions of this Addendum shall govern and control and shall be binding on and shall inure to the benefit of the parties hereto and their respective successors and assigns.

3. **EFFECTIVE DATE.** This Addendum shall be effective as of the latter date of execution.

4. **ENTIRE AGREEMENT.** This Addendum constitutes the entire and integrated agreement between Lessor and Lessee relating to the subject matter of this Addendum and supersedes all prior understandings, agreements, or representations, between the parties, written or oral, to the extent they relate in any way to the subjects of this Lease.

5. **COUNTERPARTS.** This Addendum shall be executed in duplicate originals, each of which shall be deemed to be an original, but both of which, together, shall constitute one and the same instrument.

ST. BLDG DIV. 2014

4/10/14 10:45 AM

IN WITNESS WHEREOF, the parties have executed this Addendum as of the day and year last below written.

LESSOR:

Witness

Lincoln-Lancaster County Public Building Commission

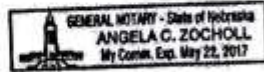
Angela C. Zocholl

Larry Hudkins
Larry Hudkins, Chairman

ACKNOWLEDGMENT

STATE OF NEBRASKA, COUNTY OF LANCASTER

The foregoing instrument was acknowledged before me this 1 day of April 2014 by Larry Hudkins, Chairman, Lincoln-Lancaster County Public Building Commission, acting on behalf of Lancaster County.



Affix seal here.

Angela C. Zocholl
Notary Public Signature

LESSEE:

Rodney Anderson
Rodney Anderson, Administrator
AS - State Building Division

4/1/14
Date



RESOLUTION NO. PC- 01571

SPECIAL PERMIT NO. 17030

1 WHEREAS, Lancaster County ^{Jgm} ~~Board of Commissioners~~ has submitted an application
2 designated as Special Permit No. 17030 to allow Trabert Hall and its site, if designated as a
3 landmark, to be used for up to 57,735 square feet of office space, or for up to 60 dwelling units,
4 or for a combination thereof approved by the Planning Director, on property generally located at
5 2202 South 11th Street, and legally described as:

110
SAFER
6
7
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9

Lot 3, Saint Francis 1st Addition, located in the Southeast Quarter
of Section 35, Township 10 North, Range 6 East of the 6th P.M.,
Lincoln, Lancaster County, Nebraska;

6 WHEREAS, the Lincoln City-Lancaster County Planning Commission has held a public
7 hearing on said application; and

11 WHEREAS, the community as a whole, the surrounding neighborhood, and the real
12 property adjacent to the area included within the site plan for this special permit will not be
13 adversely affected by granting such a permit; and

14 WHEREAS, said site plan together with the terms and conditions hereinafter set forth
15 are consistent with the Comprehensive Plan of the City of Lincoln and with the intent and
16 purpose of Title 27 of the Lincoln Municipal Code to promote the public health, safety, and
17 general welfare.

18 NOW, THEREFORE, BE IT RESOLVED by the Lincoln City-Lancaster County Planning
19 Commission of Lincoln, Nebraska:

1 That the application of Lancaster County ~~Board of Commissioners~~^{Am}, hereinafter referred
2 to as "Permittee", to allow Trabert Hall and its site, if designated as a landmark, to be used for
3 up to 57,735 square feet of office space, or for up to 60 dwelling units, or for a combination
4 thereof approved by the Planning Director, on the property described above, be and the same is
5 hereby granted under the provisions of Section 27.63.400 of the Lincoln Municipal Code upon
6 condition that construction of said space be in substantial compliance with said application, the
7 site plan, and the following additional express terms, conditions, and requirements:

8 1. This approval permits historic preservation use of Trabert Hall and its site for up
9 to 57,735 square feet of office space, or for up to 60 dwelling units, or for a combination thereof
10 approved by the Planning Director.

11 2. The City Council approves designation of Trabert Hall, formerly Saint Elizabeth
12 Hospital Nurses Home, as a Landmark.

13 3. Before receiving building permits the Permittee shall cause to be prepared and
14 submitted to the Planning Department 3 copies of a revised final plot plan, showing all setbacks
15 and yards, buildings, parking and circulation elements, and similar matters.

16 4. Any signs for the property must receive a Certificate of Appropriateness from the
17 Historic Preservation Commission prior to receiving a City of Lincoln sign permit.

18 5. Before receiving building permits the Permittee shall provide verification that the
19 letter of acceptance, as required by the approval of the special permit, has been recorded with
20 the Register of Deeds.

21 6. Before occupying the building, all development and construction shall
22 substantially comply with the approved plans.

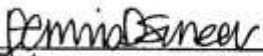
23 7. The physical location of all setbacks and yards, buildings, parking and circulation
24 elements, and similar matters be in substantial compliance with the location of said items as
25 shown on the approved site plan.

1 8. The terms, conditions, and requirements of this resolution shall run with the land
2 and be binding upon the Permittee, its successors, and assigns.

3 9. The Permittee shall sign and return the letter of acceptance to the City Clerk.
4 This step should be completed within 60 days following the approval of the special permit. The
5 City Clerk shall file a copy of the resolution approving the special permit and the letter of
6 acceptance with the Register of Deeds, filing fees therefor to be paid in advance by the
7 Permittee. Building permits will not be issued unless the letter of acceptance has been filed.

8 The foregoing Resolution was approved by the Lincoln City-Lancaster County Planning
9 Commission on this 30 day of August, 2017.

ATTEST:


Chair

Approved as to Form & Legality:


Assistant City Attorney

LETTER OF ACCEPTANCE

City of Lincoln
Lincoln, Nebraska

RE: **Special Permit No. 17030** - To foster preservation of the former Saint Elizabeth Hospital Nurses Home (Trabert Hall) by permitting its utilization for offices or dwelling units, or for some mix thereof, under the provisions of Section 27.63.400 of the City of Lincoln Zoning Ordinance. (2202 South 11th Street)

TO THE CITY CLERK:

The undersigned, "Permittee" under **Special Permit No. 17030**, granted by **Resolution No. PC-01571**, adopted by the Lincoln City-Lancaster County Planning Commission on August 30, 2017, hereby files this Letter of Acceptance and certifies to the City of Lincoln that the Permittee is fully aware of and understands all the conditions of said Resolution and that Permittee consents to and agrees to comply with the same.

Permittee further certifies that the person whose signature appears below has the authority to bind Permittee to the terms and conditions of this Letter of Acceptance, including Permittee's financial obligations under said Special Permit.

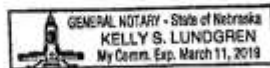
DATED the 17 day of October, 2017.

Lancaster County Board of Commissioners,
Permittee

By: Todd Wilton
Title: Chair

STATE OF Nebraska)
COUNTY OF Lancaster) ss.

The foregoing Instrument was acknowledged before me this 17 day of October, 2017, by Todd Wilton, the Chair of Lancaster County Board of Commissioners, as permittee.



Kelly S. Lundgren
Notary Public



17-132
Change of Zone 17020

Introduce: 9-11-17

ORDINANCE NO. 20554

1 AN ORDINANCE amending the City of Lincoln Zoning District Map attached to and
2 made a part of Title 27 of the Lincoln Municipal Code by designating certain property as a
3 Landmark.

4 BE IT ORDAINED by the City Council of the City of Lincoln, Nebraska:

5 Section 1. That the "Lincoln Zoning District Maps" attached to and made a part of
6 Title 27 of the Lincoln Municipal Code be and the same are hereby amended by changing the
7 boundaries of the districts established and shown on said Maps as follows:

8 Lot 3, Saint Francis 1st Addition, located in the Southeast Quarter
9 of Section 35, Township 10 North, Range 6 East of the 6th P.M.,
10 Lincoln, Lancaster County, Nebraska;

11 is hereby transferred from the P Public District to the R-4 Residential District and is hereby
12 made a part of the R-4 Residential District and governed by all the provisions and regulations
13 pertaining to the R-4 Residential District.


14 Section 2. That Trabert Hall located at 2202 South 11th Street, on property legally
15 described as: Lot 3, Saint Francis 1st Addition, located in the Southeast Quarter of Section 35,
16 Township 10 North, Range 6 East of the 6th P.M., Lincoln, Lancaster County, Nebraska, be and
17 it hereby is designated as a Landmark under Section 27.57.120 of the Lincoln Municipal Code.

18 Section 3. Notwithstanding the existing zoning on the property or the other rules and
19 regulations of Title 27 of the Lincoln Municipal code, there are hereby established Guidelines for
20 Preservation of the above described property as stated in Exhibit "A" attached hereto and made
21 a part hereof as if fully set forth herein.

22 Section 4. This ordinance shall be published, within fifteen days after the passage
23 hereof, in one issue of a daily or weekly newspaper of general circulation in the City, or posted
24 on the official bulletin board of the City, located on the wall across from the City Clerk's office at
25 555 S. 10th Street, in lieu and in place of the foregoing newspaper publication with notice of

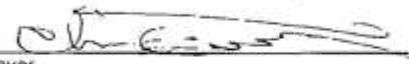
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- 1 passage and such posting to be given by publication one time in the official newspaper by the
 - 2 City Clerk. This ordinance shall take effect and be in force from and after its passage and
 - 3 publication or after its posting and notice of such posting given by publication as herein and in
 - 4 the City Charter provided.

Introduced by:


AYES: Camp, Christensen, Eskridge, Gaylor Baird,
Lamm, Raybould, Shobe; NAYS: None.

Approved as to Form & Legality:


City Attorney

Approved this 20th day of Sept., 2017:

Mayor

PASSED
SEP 25 2017
BY CITY COUNCIL