



**PARKING CONSULTANT'S**

# **ANNUAL REPORT**

**MORRISTOWN PARKING AUTHORITY**



**MORRISTOWN, NEW JERSEY**

**AUGUST 2010**



**MORRISTOWN  
PARKING AUTHORITY**

Established March 6, 1956

Mission Statement

The Morristown Parking Authority (MPA) is devoted to the betterment of the Town of Morristown by providing a public parking system that is well maintained, clean, safe, affordable, facilitates traffic flow, and serves the best interest of its patrons, Town residents, and the business community.

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**James Gervasio  
Margret Brady  
Christopher Leon Garibian  
Anthony Lucia  
Michael R. Elms**

**Chairperson  
Vice Chairperson  
Treasurer  
Secretary  
Assistant Secretary / Treasurer**

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George Fiore  
*Executive Director*

Patrick W. Geary  
*Operations Manager*

Gregory S. Deal  
*Field Manager*

Robert S. Goldsmith  
*Attorney*

# TABLE OF CONTENTS

<b>1.</b>	<b>INTRODUCTION .....</b>	<b>1.</b>
<b>2.</b>	<b>PARKING AUTHORITY FACILITIES .....</b>	<b>2.</b>
	Total Parking Spaces	2.
	TABLE 1 - Parking Facility Schedule	3.
	On-Street Parking Meters	4.
	Parking Lots	4.
	Parking Structures	5.
	Interim Parking Lots	7.
	Parking Authority Office Building	7.
	Physical Condition of Parking Facilities / Remedial Repairs	7.
<b>3.</b>	<b>PARKING AUTHORITY PERSONNEL &amp; ENFORCEMENT .....</b>	<b>9.</b>
	Parking Authority Personnel	9.
	Parking Fines and Enforcement	9.
<b>4.</b>	<b>PARKING AUTHORITY INCOME .....</b>	<b>12.</b>
	Parking Lot Revenue	12.
	Parking Structure Revenue	13.
	On-Street Meter Revenue	13.
	TABLE 2 - Income Summary with Changes from '08 to '09	14.
	Other Income	15.
	Total Income & Income Comparison CHARTS	16.
<b>5.</b>	<b>PARKING AUTHORITY OPERATING EXPENSES &amp; BUDGET .....</b>	<b>17.</b>
	Operating and Maintenance Expense	17.
	Parking Authority Budget Comparisons	18.
<b>6.</b>	<b>FINANCIAL SUMMARY &amp; DEBT SERVICE COVERAGE .....</b>	<b>20.</b>
	2010 & 2011 Debt Service	22.
<b>7.</b>	<b>PROGRAM UPDATES, RECENT DEVELOPMENTS &amp; UPGRADES.....</b>	<b>23.</b>

# LIST OF APPENDICES

<b>APPENDIX A</b>	PARKING FACILITIES OF THE MORRISTOWN PARKING AUTHORITY	<i>Map</i>
<b>APPENDIX B</b>	FIVE-YEAR ANNUAL INCOME, EXPENSE AND NET INCOME SUMMARY	<i>Table</i>
<b>APPENDIX C</b>	FINANCIAL TRENDS PAST SIX YEARS	<i>Charts</i>
<b>APPENDIX D</b>	FIVE-YEAR ANNUAL OPERATING AND MAINTENANCE EXPENSE SUMMARY	<i>Table</i>
<b>APPENDIX E</b>	FIVE-YEAR BUDGET COMPARISON MORRISTOWN PARKING AUTHORITY	<i>Table</i>
<b>APPENDIX F</b>	DEBT SERVICE PAYMENT SCHEDULE 7 YEAR SUMMARY MORRISTOWN PARKING AUTHORITY	<i>Table</i>

## 1. INTRODUCTION

The Morristown Parking Authority, established by the Town of Morristown in 1956, is a body corporate and politic of the State of New Jersey. The fundamental purpose of the Parking Authority is to build, maintain, and operate a responsive and dependable public parking system to meet the needs of the Town of Morristown and its constituents.

The Parking Authority has engaged Level G Associates, LLC for the purpose of preparing an Annual Report on the operation and performance of the parking system during the most recent fiscal year of record. This report reviews and summarizes the physical, operational, and financial performance of the Morristown Parking Authority for calendar year 2009.

Many financial references in this report are based on data presented in -- "The Parking Authority of the Town of Morristown (A Component Unit of the Town of Morristown) - Report on Examination of Financial Statements - Year Ended December 31, 2009" -- prepared by VM Associates, Inc. Other financial data were gathered from Parking Authority records.

Further information was obtained by the parking consultant during several visits which took place in the second quarter of 2010. During these visits the parking consultant met with the Executive Director, Operations Manager, and Field Manager of the Parking Authority to discuss key aspects of the operation, performance, and condition of the parking system.

Finally, the parking consultant conducted general observations of on and off street parking spaces administered by the Morristown Parking Authority (MPA) and performed a visual inspection of all off-street parking facilities to review their general condition.

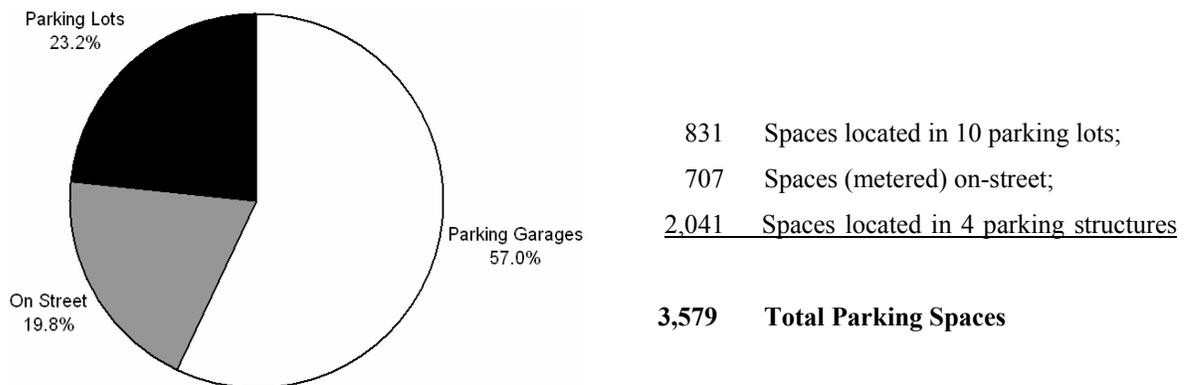
## 2. PARKING AUTHORITY FACILITIES

In February 2007, the MPA began construction on one of the most significant redevelopment projects to happen in Morristown in the past 50 years. The MPA project, which is part of a larger redevelopment program, consists of a 791 space parking garage (known as the De Hart Street garage) and a 33,000 SF office building (known as 14 Maple Avenue). The project is located on the site of a former MPA parking deck (Deck 1A).

In October 2008 the De Hart Street garage was opened to the public and in December 2008 the Morristown Parking Authority officially moved its administrative offices from 10 Pine Street to 14 Maple Avenue.

### Total Parking Spaces

As of August 2010, the total parking supply operated by the Morristown Parking Authority (MPA) amounted to 3,579 parking spaces, broken down as follows:



As indicated, more than one-half of all spaces administered by the MPA are located in parking structures. Table 1, next page, presents more detailed information regarding the capacity, operation, and rates charged at the MPA facilities. Appendix A is a map showing

**PARKING FACILITY SCHEDULE**  
MORRISTOWN PARKING AUTHORITY

**TABLE 1**

Facility	Capacity	Handicap Spaces In Total	Year Opened	Type of Operation	Fees / Usage	Monthly (Permit) Fees
On Street Meters	707 Spaces	5	Various	30 min limit 60 min limit 90 min limit 2 hour limit 3 hour limit 12 hour limit	10 Total - 25 cents for 30 minutes (\$0.50 per hour) 3 Total - 25 cents for 30 minutes (\$0.50 per hour) 405 Total - 25 cents for 30 minutes (\$0.50 per hour) 275 Total - 25 cents for 30 minutes (\$0.50 per hour) 7 Total - 25 cents for 30 minutes (\$0.50 per hour) 7 Total - 25 cents for 1 hour	Not Available
Lot 3C	113 Spaces	3	1958	Pay Station & Permits	(20) Daily Pay Station @ \$5.00 per day; (81) permit spaces; (12) spaces rented to local businesses.	\$85 \$50 (Town Residents)
Lot 6F	43 Spaces	2	1958	Meters	(12) 1 hr meters @ \$0.50 per hr; (11) 3 hr meters @ \$0.50 per hr; (20) 12 hr meters @ \$0.25 / hour	Not Available
Lot 6R	40 Spaces	1	2000	Permits	(40) permits only spaces.	\$ 40.00 \$20 (Students)
Lot 8H	72 Spaces	3	1957	Meters & Permits	(17) 3 hr meters @ \$0.50 per hr; (21) 12 hour meters @ \$0.25 per hour; (34) permits only spaces.	\$ 35.00
Lot 10J	211 Spaces	7	1957; expanded in 2001	Meters; Pay Stations; & Permits	(1) 60 min meter, (27) 90 min meters and (34) 3 hr meters - all @ \$0.50 per hr rate; (68) 12 hour meters @ \$0.25 per hour; (81) permit spaces; \$2 flat fee after 5 PM.	\$ 45.00
Lot 13M	8 Spaces	1	1973	Meters	(8) 1 hour meters @ \$0.50 per hour.	Not Available
Lot 14N	21 Spaces	1	1975	Meters & Permits	(21) 3 hour meters @ \$0.50 per hour; Permit parking allowed at 3 hr meters.	\$ 10.00
Lot 15"O"	20 Spaces	1	1988; expanded in 2000	Meters	(20) 3 hour meters @ \$0.50 per hour.	Not Available
Mall Lot	270 Spaces	6	1968; redesigned in 1998	Permits	(270) permits only spaces.	\$ 65.00
Vail Mansion "Oval" Lot	33 Spaces	5	2008	Pay Stations	(33) 3 hour limit spaces @ \$0.50 per hour; \$5 flat fee on event nights.	Not Available
Vail Mansion Deck	59 Spaces	1	2008	Permits & Pay Stations	(59) permit spaces; \$5 flat fee on event nights; \$0.50 per hour on non-event nights.	\$ 75.00
DeHart St. Garage	791 Spaces	17	2008	Permits & Pay Stations	0 to 30 min = \$1.00; 30 min to 1 hr = \$1.50; each additional 1/2 hr up to 3 hrs = \$0.75; 3 to 4 hrs = \$6.50; each add'l hr up to 9 hrs = \$2; 9 to 10 hrs = \$19; each add'l hr up to 24 hr = \$2.50; \$5 flat fee on event nights; \$2 flat fee on Thurs, Fri & Sat after 7 PM.	\$ 90.00
Dalton Garage	696 Spaces	14	1999	Cashier; Pay Stations; & Permits	0 to 30 min = \$1.00; 30 min to 1 hr = \$1.50; each additional 1/2 hr up to 3 hrs = \$0.75; 3 to 4 hrs = \$6.50; each add'l hr up to 9 hrs = \$2; 9 to 10 hrs = \$19; each add'l hr up to 24 hrs = \$2.50	\$ 100.00
Ann - Bank Garage	495 Spaces	9	1986	Cashier & Permits	0 to 30 min = \$1.00; 30 min to 1 hr = \$1.50; each additional 1/2 hr up to 3 hrs = \$0.75; 3 to 4 hrs = \$6.50; each add'l hr up to 9 hrs = \$2; 9 to 10 hrs = \$19; each add'l hr up to 24 hrs = \$2.50	\$ 75.00
<b>TOTAL</b>	<b>3,579 Spaces</b>		<i>Sources: MPA &amp; Level G Associates ~ as of August 2010</i>			

the location of the parking facilities, as well as their basic size, shape, access roads, and intended use.

### **On-Street Parking Meters**

Parking meters are installed to organize and regulate parking space usage on streets serving the various commercial districts in Morristown. The current total of 707 on-street meters includes: (10) - 30 minute limit meters; (3) - 60 minute limit meters; (405) - 90 minute limit meters; (275) - 2 hour limit meters; (7) - 3 hour limit meters; and (7) - 12 hour limit meters. On-street meters constitute about one-fifth of the parking system.

Most of the older on-street “mechanical” parking meters have been replaced by digital “electronic parking meters” - commonly referred to as EPM’s. These battery-powered units are state-of-the-art and accept nickels, dimes, and quarters. EPM’s comprise over 95% of the on-street meter supply.

The basic charge for parking at the on-street meters is 25 cents for 30 minutes -- translated hourly fee of 50 cents per hour. The 50 cents per hour charge for on-street parking became effective in the spring of 1998, when the Morristown Town Council approved a rate increase from 40 cents per hour, and extended the hours of operation of the on-street meters to 8PM. On-street meters are in force from 8AM to 8PM on all weekdays and Saturdays except for a section of meters on Elm Street that are in effect from 8AM to 5PM. There is no charge for parking on Sundays, New Years Day, Memorial Day, Independence Day, Thanksgiving Day, and Christmas Day.

### **Parking Lots**

The Morristown Parking Authority administers 10 parking lots ranging in size from 8 spaces to 270 spaces. The operation of each lot is determined by its size and the type of

parking demand in the vicinity of each lot. A breakdown of the operation of the Parking Authority lots is as follows:

<u>Type of Operation</u>	<u># Lots</u>	<u># Spaces</u>	<u>% of Total</u>
Monthly Parking Only	2	310	37.3 %
Pay Station / Meters / Monthly Mix	1	211	25.4
Pay Station / Monthly Parking Mix	1	113	13.6
Parking Meters / Monthly Parking Mix	2	93	11.2
Parking Meters Only	3	71	8.5
Pay Station (pay by space) Only	<u>1</u>	<u>33</u>	<u>4.0</u>
Totals	10	831	100.0 %

As indicated, MPA parking lot equipment and operating plans have become fairly specialized to better accommodate local parking demand in the vicinity of each lot. These operating adjustments are typical of higher functioning parking agencies who are in tune with the local environment and proactive with the community. Total number of parking lot spaces is unchanged from last year's total.

Parking lot spaces comprise 23.2% of the total Parking Authority parking space supply. While the Parking Authority does own most of its parking lots, some lots are leased or partially leased from others -- these include Lot 13M and a small portion of the Mall Lot.

For further information regarding the Authority's parking lots, including parking rates and other details, please refer to Table 1, page 3.

### **Parking Structures**

MPA parking structure spaces are located in three separate free standing parking garages and on one level of a two level parking deck that was constructed as part of the recently completed Vail Mansion redevelopment project.

There are three parking garages containing a total of 1,982 spaces and one parking deck containing 59 spaces in the parking system. The Ann - Bank Garage (formerly Lot 12L) contains 621 spaces and was built by the Authority in 1986. In 1993, the Authority sold a 126-space portion of the Ann - Bank Garage to Morris County, reducing the Parking Authority's capacity in the facility to 495 spaces. In 2004, the Parking Authority sold a 40% interest in the 495 space supply (the equivalent of 198 spaces) to Morris County. The 40% interest is conveyed to the County in the form of 198 permanently owned scan cards. However, the Parking Authority still administers the full 495 space parking supply. Special arrangements have been made with Morris County to allow shared use of the Ann - Bank garage access lanes by both County and Parking Authority patrons.

The John L. Dalton Garage (formerly Lot 2B) contains 696 spaces and was opened in June, 1999. This garage is controlled with parking gates and accommodates cashier transactions as well as monthly parking activity. In addition, the Dalton garage contains pay-on-foot stations that accept credit cards and speed up transaction processing and exiting time.

The De Hart Street Garage (formerly Deck 1A) contains 791 parking spaces and was opened in October 2008. This garage is completely automated and no cash is accepted in exiting lanes. Transactions are handled either: 1) at "pay on foot stations" that accept cash and credit cards, or 2) in the exit lane using a credit card. Because it is Morristown's first "unmanned" garage, the MPA has stationed an attendant in a cashier booth located near the exit lanes to assist customers who are unfamiliar with the new revenue control system.

The one level Vail Mansion Deck (formally Lot 9I) is accessed from South Street and contains 59 spaces. It was opened in 2008 and accepts monthly parking, hourly parking and event parking (the deck is adjacent to the Community Theatre). The deck is controlled with hang tags for monthly permit parking and with two electronic pay-on-foot stations for hourly and event parking transactions. Table 1 indicates parking rates charged at the

parking structures.

The total of 2,041 parking structure spaces is unchanged from the 2008 total.

### **Interim Parking Lots**

Interim parking lots operated by the MPA while the De Hart Street garage was under construction included the 182 space Maple Avenue Lot and the 38 space Verizon Annex Lot. Both lots were closed in October 2008 after the opening of the De Hart garage.

### **Parking Authority Office Building**

The Parking Authority moved its offices from 10 Pine Street to a new LEED certified, four story office building (14 Maple Avenue) located adjacent to the De Hart Street garage in December 2008. The new office building was developed and is owned by the MPA. Other occupants of the building include not for profit entities such as the Geraldine R. Dodge Foundation and The Seeing Eye.

As part of a three way agreement between the MPA and two other entities, the MPA sold the 10 Pine Street office building but will remain its property manager.

### **Physical Condition of Facilities / Remedial Repairs**

The parking consultant has reviewed the physical condition of the Authority's on-street and off-street parking facilities and has found them to be in a state of good repair. Typical parking lot wear and tear, such as pavement cracking, was observed in some facilities -- these conditions are repaired by the Authority on a regular basis as part of an ongoing maintenance program.

After our review of the parking facilities, an itemized listing of some recommended maintenance items, including minor drainage and crack repairs, were submitted to the Parking Authority.

In 2006, the MPA engaged structural engineers to conduct detailed investigations into the structural condition and integrity of both the Ann-Bank and Dalton parking garages. Although no major structural issues were discovered, a number of remedial repairs were identified by the engineers. All of these repairs were completed in 2007 and 2008.

Overall, the Morristown Parking Authority parking facilities are in good physical condition due to a responsible combination of short term repair efforts coupled with a realistic long term improvement program.

### **3. PARKING AUTHORITY PERSONNEL & ENFORCEMENT**

#### **Parking Authority Personnel**

The Morristown Parking Authority administrative and operating staff is composed of seventeen (17) full time employees and four (4) part time employees:

- 1 Executive Director
- 1 Operations Manager
- 1 Field Manager / Meter Maintenance Person
- 1 Administrative Assistant / Computer Operator
- 1 Computer and Information Specialist
- 1 Administrative Bookkeeper / Receptionist
- 2 General Maintenance Persons
- 1 General Maintenance Person (part time)
- 3 Parking Enforcement & Traffic Officers
- 6 Deck and Garage Attendants
- 2 Deck and Garage Attendants (part time)
- 1 Receptionist / Bookkeeper (part time)

The current total of 21 full and part time employees is 3 greater than last year's total due to the addition 1 part time maintenance person and 2 part time garage attendants.

#### **Parking Fines and Enforcement**

The Parking Authority's three enforcement officers patrol the parking facilities on foot and in a late model Jeep Wrangler. The most common parking violation, "overtime parking", carries a basic fine of \$25.00. Unlawful extension (purchasing additional time beyond a meter's posted time limit, a.k.a. "meter feeding") carries a fine of \$37.00. The following,

more serious, parking violations carry a fine of \$47.00:

Prohibited Parking	Double Parking
Parking in a Crosswalk	Blocking a Driveway
Parking on a Sidewalk	Parking in a Bus Stop
Parking in a Taxi Stand	Parking Between 2:00am and 7:00am
Parking in Front of Fire Hydrant	Parking on Wrong Side of Street

Parking in a handicap space without a valid sticker carries a State-mandated minimum parking fine of \$250. All routine parking fines were increased by \$3.00 in 2004 as a result of a State order.

The Parking Authority does not realize any parking fine revenue -- all revenue from parking violations is collected by the Town and distributed to Town and State of New Jersey coffers.

The number of parking violations issued by the Parking Authority in 2009 was 8.1% higher than the 2008 totals. The following is a basic enforcement summary covering the past 10 years:

<u>Year</u>	<u>Total # Tickets Issued</u>	<u>Average # Enforcement Officers</u>	<u>Average # Tickets Per Officer Per Month</u>
2000	19,922	3.00	553
2001	17,633	3.00	490
2002	20,872	2.70	644
2003	18,056	2.65	568
2004	20,008	2.65	629
2005	18,022	2.67	562
2006	16,964	2.67	529
2007	12,216	2.55	399
2008	15,166	2.90	436
2009	16,394	2.60	525

As indicated, the rate of ticket issuance by the MPA over the past 10 years has generally ranged between 15,000 and 21,000 tickets per year – or 1,250 to 1,750 per month. In 2007, the rate fell below 13,000 due to deliberately more lenient enforcement in the numerous construction zones throughout Morristown in that year.

Ideally, parking enforcement levels should be just high enough to let parkers know that there is a reasonable chance they will receive a ticket if they do not put money in the meter. Low enforcement levels will lead to lower meter collections and low parking space turnover.

Since recent ticket issuing levels have been below 2000 – 2005 levels, and on-street meter revenue is still below 2006 levels, we recommend that ticket issuing levels be increased to at least 1,600 per month in 2010 and 2011.

#### 4. PARKING AUTHORITY INCOME

Parking Authority income increased over 25% between 2008 and 2009 as indicated below:

	<u>Total Income</u>	<u>Change from Previous Year</u>
2005	\$ 3,128,884	+ 7.0 %
2006	\$ 3,322,481	+ 6.2 %
2007	\$ 3,734,754	+ 12.4 %
2008	\$ 3,542,628	- 5.1 %
2009	\$ 4,510,617	+ 27.3%

The significant increase in MPA revenue is the result of the opening of the MPA's 14 Maple Avenue office building, that is over 90% occupied, and a full operating year for the De Hart Street garage.

Table 2, page 14, is an Income Summary showing the changes in all income categories between 2008 and 2009. A five-year itemized summary of Parking Authority revenue and income can be found in Appendix B. Income trend summaries are presented in graphical format in Appendix C.

#### **Parking Lot Revenue**

Revenue from the Authority's parking lots decreased from \$697,691 in 2008 to \$643,606 in 2009. About one-half of this decrease is due to lower operating income at the MPA's Mall parking lot resulting from lower occupancies and the presence of construction and construction staging in this area.

Overall, eight of the parking lots in this category posted revenue decreases and two posted

revenue increases between 2008 and 2009. These revenue decreases are most likely related to the statewide economic downturn that is also impacting public parking utilization. As the economy is still struggling to recover, we estimate that annual revenue from the Authority’s parking lots will remain at the \$640,000 level in 2010.

**Parking Structure Revenue**

The following summary illustrates that total income from the Authority’s three parking structures has increased over the past four fiscal years of record:

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Dalton Garage	\$ 612,199	\$ 680,089	\$ 761,417	\$ 668,904
Ann - Bank Garage	416,426	445,555	453,042	469,564
Deck 1A / De Hart Garage <sup>1</sup>	<u>92,307</u>	<u>0</u>	<u>88,267</u>	<u>360,594</u>
<b>Totals</b>	<b>\$ 1,120,932</b>	<b>\$ 1,125,644</b>	<b>\$ 1,302,726</b>	<b>\$ 1,499,062</b>

As indicated, a decrease in revenue at the Dalton garage (serving the courthouse area and Century 21 department store) was offset by new revenue from the first full operating year of the De Hart garage (serving the Epsteins redevelopment area) yielding an overall increase of over \$196,000 in this category. It is estimated that annual revenue from parking structures will remain at the \$1,500,000 level in 2010.

**On-Street Meter Revenue**

Annual on-street meter collections increased from \$510,087 in 2008 to \$511,139 in 2009 – a slight increase of \$1,052 or 0.2%. This marks the third consecutive year that revenue in this category has remained in the tight \$510,000 to \$513,000 range. It is possible that lingering on-street construction zones and lower than usual enforcement levels have contributed to the leveling off of on-street meter revenue.

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<sup>1</sup> Deck 1A closed in September '06 and De Hart Garage opened in October '08 on the same site.

**INCOME SUMMARY (1)  
CHANGES IN ALL CATEGORIES - 2008 TO 2009**

**TABLE 2**

<u>Income from Lots</u>	<u>2008</u>	<u>2009</u>	<u>\$ CHANGE from '08 to '09</u>	<u>% CHANGE from '08 to '09</u>
Lot 3C	\$130,540.47	\$125,815.75	(\$4,724.72)	-3.62%
Lot 4D	\$2,799.11	\$0.00	(\$2,799.11)	-100.00%
Lot 6F / R	\$39,877.16	\$30,729.62	(\$9,147.54)	-22.94%
Lot 8H	\$39,167.93	\$38,569.84	(\$598.09)	-1.53%
Lot 9I (Vail Lot / Deck)	\$56,577.37	\$47,737.25	(\$8,840.12)	n/a
Lot 10J	\$139,988.22	\$138,624.72	(\$1,363.50)	-0.97%
Lot 13M	\$1,816.62	\$1,901.46	\$84.84	4.67%
Lot 14N	\$3,153.32	\$2,837.82	(\$315.50)	-10.01%
Lot 15 "O"	\$5,490.41	\$5,671.57	\$181.16	3.30%
Mall Lot	\$278,280.00	\$251,717.50	-\$26,562.50	-9.55%
<b>Total Lot Revenue</b>	<b>\$697,690.61</b>	<b>\$643,605.53</b>	<b>(\$54,085.08)</b>	<b>-7.75%</b>
<u>Income from Garages</u>				
De Hart Garage	\$88,266.61	\$360,593.69	\$272,327.08	308.53%
Ann-Bank Garage	\$453,042.35	\$469,563.85	\$16,521.50	3.65%
Dalton Garage	\$761,416.79	\$668,903.83	-\$92,512.96	-12.15%
<b>Total Garage Revenue</b>	<b>\$1,302,725.75</b>	<b>\$1,499,061.37</b>	<b>\$196,335.62</b>	<b>15.07%</b>
Curb Meter Revenue	\$510,087.12	\$511,139.43	\$1,052.31	0.21%
<b>Total Income From Parking</b>	<b>\$2,510,503.48</b>	<b>\$2,653,806.33</b>	<b>\$143,302.85</b>	<b>5.71%</b>
<u>Other Income</u>				
Leases & Other Contract Income (2)	\$556,557.44	\$553,733.35	(\$2,824.09)	-0.51%
Interest	\$316,137.45	\$85,753.32	(\$230,384.13)	-72.87%
Office Rent	\$85,593.00	\$1,097,215.50	\$1,011,622.50	1181.90%
Meter Cards, Forfeitures & Misc.	\$52,859.43	\$48,767.91	(\$4,091.52)	-7.74%
Solar Energy Credits	\$0.00	\$42,266.80	\$42,266.80	n/a
Validation Stamps	\$20,977.01	\$29,073.90	\$8,096.89	38.60%
<b>Total Other Income</b>	<b>\$1,032,124.33</b>	<b>\$1,856,810.78</b>	<b>\$824,686.45</b>	<b>79.90%</b>
<b>Total Grand Total Income</b>	<b>\$3,542,627.81</b>	<b>\$4,510,617.11</b>	<b>\$967,989.30</b>	<b>27.32%</b>

(1) Source: Morristown Parking Authority Annual Financial Statements

(2) Incremental Cost, Applied Ground Lease, Vail Guarantee, Washington - Cattano, Granite, Morristown Green

With the removal of some construction zones from the downtown streets and a return to normal enforcement levels, we expect on-street meter revenue to rebound to about \$520,000 in 2010.

**Other Income**

This income category includes interest income, income from meter bag rentals, validation stamps, rent income from the MPA-owned office building (14 Maple Avenue), and miscellaneous income. In 1999, a new income source was added to this category -- “Leases & Other Contract Income”. This category is used to post MPA income streams that are related to developer agreements at the Mall lot, Dalton garage, and Ann - Bank garage. For 2009 a new income source, Solar Energy Credits, is added resulting from the MPA-owned solar panels atop the De Hart Street parking garage. A breakdown of income from the individual categories composing Other Income over the past two years is as follows:

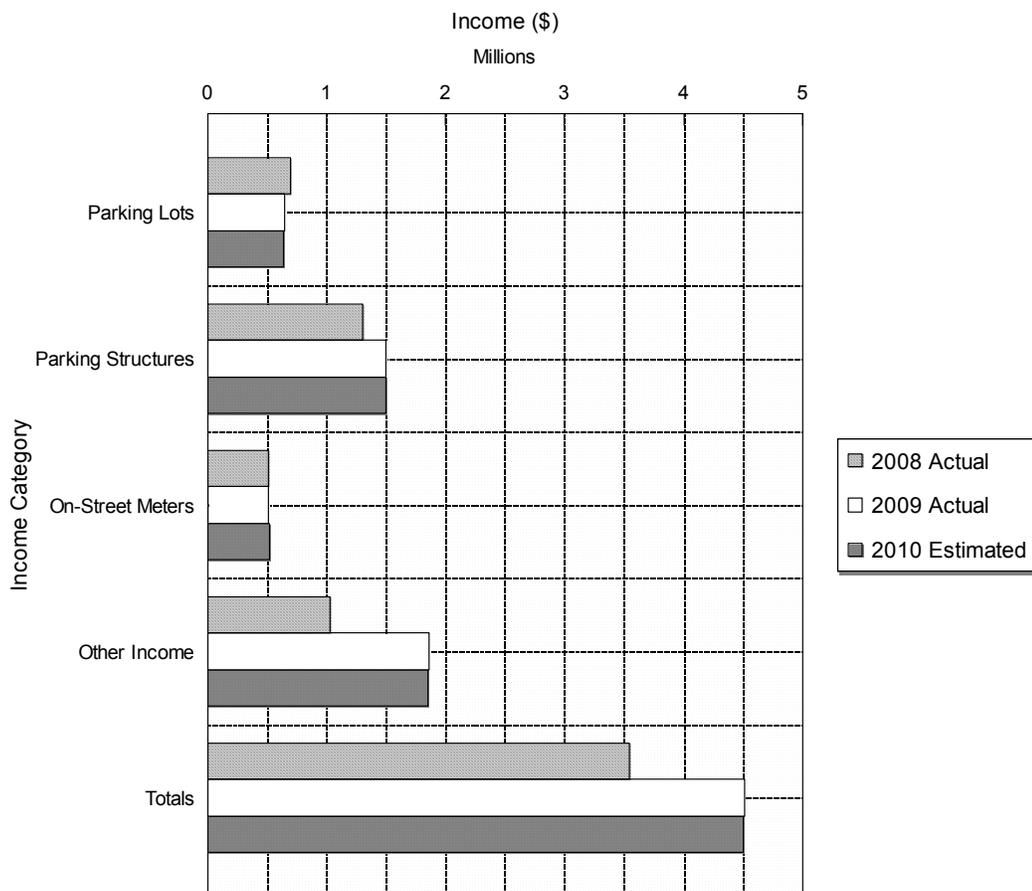
	<u>2008</u>	<u>2009</u>	<u>Change (\$)</u>
Rent Rolls - 10 Pine / 14 Maple	\$ 85,593	\$ 1,097,216	+ 1,011,623
Solar Energy Credits	0	42,267	+ 42,267
Validation Stamps	20,977	29,074	+ 8,097
Leases & Other Contract Income	556,557	553,733	- 2,824
Miscellaneous & Meter Bag	52,859	48,768	- 4,091
Interest	<u>316,138</u>	<u>85,753</u>	<u>- 230,385</u>
Totals	\$ 1,032,124	\$ 1,856,811	+ 824,687

The significant increase in this category is due to rent realized from the 14 Maple Avenue office building and additional income generated in the new Solar Energy Credits category. Interest income continues to fall as rates fell to historic lows in 2009. In 2010, we estimate that income in this category will remain at the \$1,850,000 level.

## Total Income

Total income increased from \$3,542,628 in 2008 to \$4,510,617 in 2009 – an increase of \$967,989 or 27.3%. Comparison charts showing total income, by category, in 2008 and 2009, along with our estimates for total income in 2010 are provided below.

	2008 Actual	2009 Actual	2010 Estimated
<b>Parking Lots</b>	\$697,691	\$643,605	\$640,000
<b>Parking Structures</b>	\$1,302,726	\$1,499,062	\$1,500,000
<b>On-Street Meters</b>	\$510,087	\$511,139	\$520,000
<b>Other Income</b>	\$1,032,124	\$1,856,811	\$1,850,000
<b>Totals</b>	<b>\$3,542,628</b>	<b>\$4,510,617</b>	<b>\$4,510,000</b>



## 5. PARKING AUTHORITY OPERATING EXPENSES & BUDGET

### Operating and Maintenance Expense

Total operating expenses rose from \$1,851,614 in 2008 to \$2,206,748 in 2009 -- an increase of \$355,134 or 19.2%. Most of this increase is attributable to operating expenses related to a full operating year of the MPA's two newest facilities -- the 791 space De Hart Street parking garage and the 4-story office building at 14 Maple Avenue.

The summary below compares Parking Authority operating expense changes between calendar years 2008 and 2009:

<u>Expense Category</u>	<u>2008 Expense</u>	<u>2009 Expense</u>	<u>Change (\$)</u>
Utilities including Electric	\$ 203,347	\$ 311,935	+ 108,588
Taxes, Insurance & Benefits	390,556	483,031	+ 92,475
Special Services	93,455	172,067	+ 78,612
Maintenance	193,492	263,497	+ 70,005
Operating & Admin. Salaries	609,207	646,272	+ 37,065
Enforcement Salaries	85,668	97,904	+ 12,236
Property Rent	96,245	100,048	+ 3,803
Miscellaneous	48,753	46,243	- 2,510
Office & Administration	<u>130,891</u>	<u>85,751</u>	<u>- 45,140</u>
Totals	\$ 1,851,614	\$ 2,206,748	+ 355,134

As indicated, seven expense categories posted increases while two expense categories decreased from '08 to '09. More detailed information regarding operating expense records and trends can be found in Appendix C and Appendix D.

### **Parking Authority Budget Comparisons**

The Parking Authority budget for 2009 was \$2,300,000 and the Parking Authority utilized \$2,206,748 or 95.9% of the total appropriation. The Morristown Parking Authority consistently remains within its budget and this is a good demonstration of the Authority's fiscal responsibility and ability to plan. The material increases in operating budget over the past two years are the result of significant system expansion in the form of a new 791 space parking garage and a new 33,000 square foot office building.

The following summary compares the 2009 budget appropriation with the latest (2010) budget appropriation:

	<u>2009 Budget</u>	<u>2010 Budget</u>
De Hart Street Garage	\$388,144	\$476,739
Dalton Garage	\$382,582	\$400,015
Ann / Bank Garage (Lot 12L)	\$319,436	\$320,936
14 Maple Avenue Office Building	\$246,430	\$264,800
Salaries	\$175,566	\$188,664
10 Pine Street Office Building	\$154,930	\$151,800
High Street Mall Expenses	\$129,465	\$132,669
Taxes & Insurance Coverage	\$99,705	\$125,344
Special Services	\$123,132	\$125,188
Vail Parking Facilities	\$84,485	\$75,605
Miscellaneous	\$68,195	\$66,790
Maintenance Expenses	\$50,250	\$55,250
Administrative Expenses	\$18,500	\$18,500
Electrical Utility Expenses (Lots)	\$10,000	\$10,000
Property Lease	\$2,700	\$2,700
Lot 3F	\$46,480	\$0
<b>TOTALS</b>	<b>\$2,300,000</b>	<b>\$2,415,000</b>

As indicated, the approved MPA budget for 2010 totals \$2,415,000 -- \$115,000, or 5.0% more than the 2009 budget. Budgetary increases are distributed throughout the parking

system with the largest planned increase at the De Hart garage. In a typical year the MPA utilizes about 90 to 95% of its budget. In 2010 it is estimated that MPA operating expenses will total \$2,295,000, about 95% of the total budget. A more detailed five year budget comparison can be found in Appendix E.

## **6. FINANCIAL SUMMARY & DEBT SERVICE COVERAGE**

In 1997, the Parking Authority's debt obligation was restructured in order to obtain a more favorable debt repayment schedule. In 1998, the Parking Authority issued \$ 9,265,000 in Guaranteed Parking Revenue Bonds to finance the 700-space Dalton parking garage. In early 2002, the 1997 Refunding Bonds were themselves refunded to take advantage of falling interest rates. In early 2004, the 1998 bonds were refunded via the issuance of \$10,025,000 in Parking Authority Guaranteed Parking Revenue Bonds. In 2007, the MPA issued \$27,180,000 in Guaranteed Parking Revenue Bonds to fund the construction of the Maple Avenue garage and office building project.

The 2009 debt service obligation of the Morristown Parking Authority amounted to \$2,149,737 and was composed as follows: \$503,759 in principal and interest payments on the Series 2002 Revenue Bonds, \$488,167 in principal and interest payments on the Series 2004 Revenue Bonds, and \$1,157,811 in principal and interest payments on the Series 2007 Revenue Bonds<sup>2</sup>.

In the official statement for the 2007 Series Revenue Bonds the feasibility report contemplates and describes a "surplus carryover" to be employed in the first six years of the bond term to stabilize revenue and debt service coverage. These surpluses are largely generated during the first two bond issue years (2007 and 2008) when bond interest was capitalized. In 2008, the MPA directed \$2,015,000 to its debt service accounts and the corresponding debt obligation (August '08 and February '09 payments) was \$1,446,707. As a result, \$568,293 was "carried over" into 2009 for debt service.

After debt service payments, the net income of the Morristown Parking Authority including carryover was \$722,425 in calendar year 2009:

Total Operating Income – 2009	\$ 4,510,617
Total Carryover Income – 2009	568,293
Total Expense - 2009	<u>(2,206,748)</u>
2009 Net Income <i>before</i> Debt Service	\$ 2,872,162
2009 Debt Service (principal and interest)	(\$ 2,149,737)
2009 Net Income <i>after</i> Debt Service	\$ 722,425 <sup>3</sup>

Rate Covenants in the MPA Bond Indentures stipulate that parking charges should be set so that “Net Revenues for each Fiscal Year are at least equal to 110% of the Annual Debt Service Requirements”. In 2009, this ratio was 133.6%, exceeding the coverage requirement:

$$\frac{\text{Net Income before Debt Service}}{\text{Debt Service Obligation}} = \frac{\$ 2,872,162}{\$ 2,149,737} = 133.6 \%$$

The 2010 payment schedule for the Morristown Parking Authority’s outstanding bonds is summarized below:

February 1, 2010 payment (2002 Revenue Bonds)	\$ 460,582.50
February 1, 2010 payment (2004 Revenue Bonds)	187,708.75
February 1, 2010 payment (2007 Revenue Bonds)	627,673.76
August 1, 2010 payment (2002 Revenue Bonds)	37,490.00
August 1, 2010 payment (2004 Revenue Bonds)	302,708.75
August 1, 2010 payment (2007 Revenue Bonds)	<u>847,673.76</u>
Total Debt Service Obligation – 2010	\$ 2,463,837.52

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<sup>2</sup> An additional \$315,937 in interest payments on the 2007 bonds were funded via capitalized interest.

<sup>3</sup> It is recommended that \$619,000 of this amount be dedicated for future debt service. See page 22.

Please refer to Appendix F for a summary of the MPA’s debt service payment schedule from 2007 to 2013. Based on the parking consultant’s income estimate for 2010, the 2010 budget, and the 2010 debt service obligation, we estimate the following financial summary for Fiscal Year 2010:

Estimated Income – 2010	\$ 4,510,000
Estimated Carryover – 2010	619,000
Estimated Operating Expense - 2010	<u>( 2,295,000)</u>
2010 Net Income <i>before</i> Debt Service	\$ 2,834,000
2010 Debt Service (principal and interest)	<u>(\$ 2,463,838)</u>
2010 Net Income <i>after</i> Debt Service	\$ 370,162

The projected 2010 financial summary translates to an estimated annual debt service coverage ratio of 115.0%, exceeding the debt service coverage requirement of 110% in the Bond Indenture.

### **2010 & 2011 Debt Service**

Annual debt service payments of the MPA are expected to be at least \$2.46 million until 2036. Based on a general flattening of income from existing parking facilities and the current slumping economy we are expecting continued use of surplus carryover and fairly lean debt service coverage ratios over the next few years. As indicated above, a 2009 to 2010 surplus carryover amount of \$619,000 is estimated to achieve a 1.15x debt service coverage ratio in 2010.

We recommend that the MPA continue to place as much surplus income as practical into its debt service accounts to assure that future debt service payments are comfortably met, at least until routine debt service coverage ratios, without carryover, exceed 120% in two consecutive years.

## **7. PROGRAM UPDATES, RECENT DEVELOPMENTS & UPGRADES**

Over the past year, the Morristown Parking Authority has been engaged in a number of activities designed to improve the Morristown parking experience and the delivery of parking services. The following is a partial listing and brief overview of these activities:

- The MPA has installed new signs and meters on a portion of King Street in response to non-residential parking uses encroaching onto portions of this mostly residential street.
- To improve exit flow at the Dalton parking garage the MPA has installed new static signs, electronic LED signs, and pavement markings intended to distribute transaction types more efficiently.
- The MPA and Town of Morristown are in discussions regarding an expansion of MPA enforcement efforts into residential areas.
- In support of extended operating hours and an allowed use of permit spaces after 5PM the MPA has installed new signage, pay stations, and a lighted shelter in Lot 10. The lot is also being improved with new plantings, seal coat and line striping.
- At the train station parking Lot 3R the MPA has installed a new pay station and new signage. The lot was also upgraded with new seal coat, line striping, and paving of the access road between the lot and the train station.
- Lot 15 was improved with the construction of a new timber retaining wall plus new meters, seal coating and line striping.

- Pavement repairs and new line striping were completed at Lot 13.
- The MPA is in discussions with the Town of Morristown regarding the possible installation of new meters on a portion of Court Street.



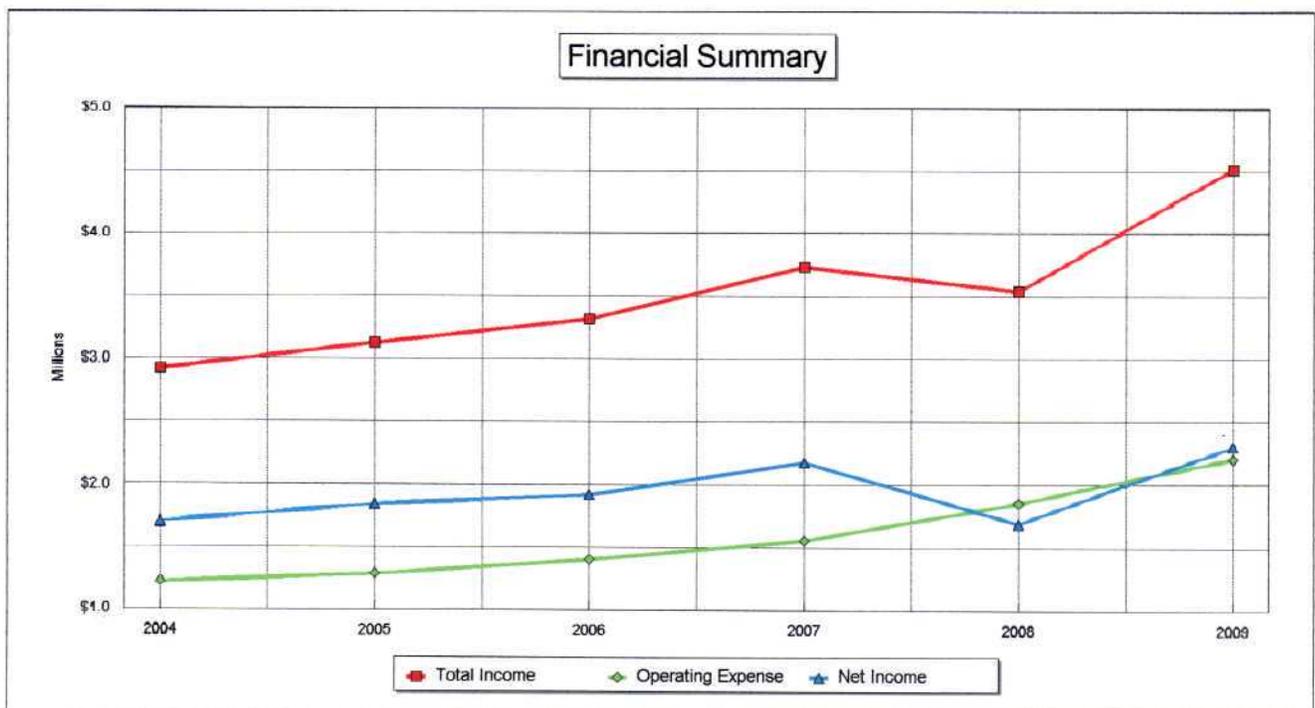
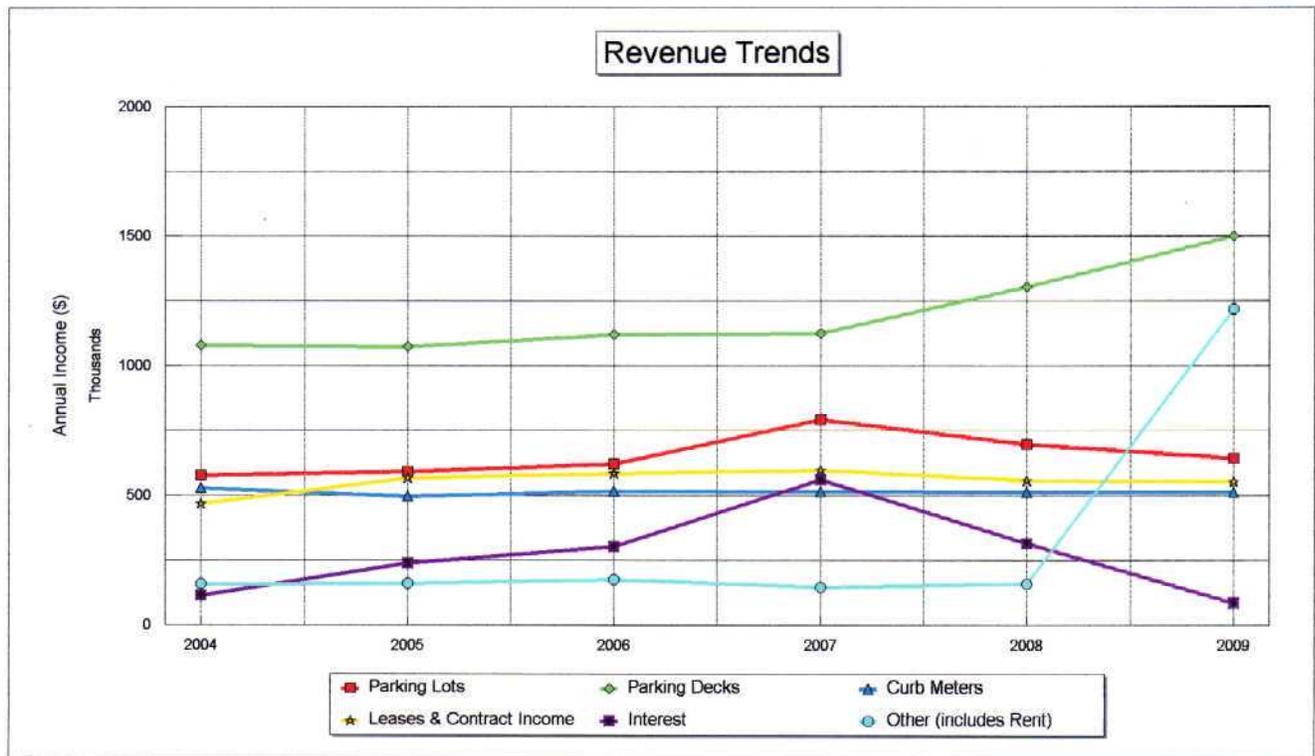
**APPENDIX B: 5-YEAR ANNUAL INCOME, EXPENSE & NET INCOME SUMMARY (1)**

	2005	2006	2007	2008	2009
<b><u>Income from Lots</u></b>					
Lot 3C	\$78,085.75	\$86,051.47	\$107,654.16	\$130,540.47	\$125,815.75
Lot 4D (closed in January '08)	\$104,967.90	\$104,034.27	\$110,442.98	\$2,799.11	\$0.00
Lot 6F	\$35,347.41	\$52,315.75	\$39,868.87	\$39,877.16	\$30,729.62
Lot 7G (paym't from Town suspended in '06)	\$22,000.00	\$0.00	\$0.00	\$0.00	\$0.00
Lot 8H	\$30,600.82	\$33,328.20	\$40,916.48	\$39,167.93	\$38,569.84
Lot 9I (Re-opened as Vail Lot / Deck in '08)	\$6,631.30	\$2,842.34	\$0.00	\$56,577.37	\$47,737.25
Lot 10J	\$118,082.78	\$128,537.12	\$139,507.90	\$139,988.22	\$138,624.72
Lot 13M	\$1,555.03	\$1,834.03	\$2,267.04	\$1,816.62	\$1,901.46
Lot 14N	\$1,940.87	\$2,481.27	\$3,077.39	\$3,153.32	\$2,837.82
Lot 15O	\$5,582.59	\$5,914.03	\$6,128.79	\$5,490.41	\$5,671.57
Mall Lot (incl. stamps)	\$186,655.00	\$203,813.05	\$343,000.95	\$278,280.00	\$251,717.50
<b>Total Lot Revenue</b>	<b>\$591,449.45</b>	<b>\$621,151.53</b>	<b>\$792,864.56</b>	<b>\$697,690.61</b>	<b>\$643,605.53</b>
<b><u>Income from Garages</u></b>					
Deck 1A / De Hart Street Garage (2)	\$149,041.25	\$92,307.26	\$0.00	\$88,266.61	\$360,593.69
Ann-Bank Garage	\$413,650.75	\$416,425.69	\$445,554.63	\$453,042.35	\$469,563.85
Dalton Garage	\$510,175.18	\$612,198.63	\$680,088.73	\$761,416.79	\$668,903.83
<b>Total Garage Revenue</b>	<b>\$1,072,867.18</b>	<b>\$1,120,931.58</b>	<b>\$1,125,643.36</b>	<b>\$1,302,725.75</b>	<b>\$1,499,061.37</b>
<b>Curb Meter Revenue</b>	<b>\$495,979.83</b>	<b>\$516,846.04</b>	<b>\$513,551.76</b>	<b>\$510,087.12</b>	<b>\$511,139.43</b>
<b>Total Income from Parking</b>	<b>\$2,160,296.46</b>	<b>\$2,258,929.15</b>	<b>\$2,432,059.68</b>	<b>\$2,510,503.48</b>	<b>\$2,653,806.33</b>
<b><u>Other Income</u></b>					
Leases & Other Contract Income (3)	\$567,250.51	\$583,860.96	\$597,466.34	\$556,557.44	\$553,733.35
Interest	\$240,138.20	\$304,444.18	\$559,176.83	\$316,137.45	\$85,753.32
Office Rent	\$72,824.00	\$89,513.00	\$87,565.00	\$85,593.00	\$1,097,215.50
Meter Bags & Misc.	\$79,155.93	\$74,842.83	\$41,369.99	\$52,859.43	\$48,767.91
Solar Energy Credits	\$0.00	\$0.00	\$0.00	\$0.00	\$42,266.80
Validation Stamps	\$9,219.20	\$10,891.25	\$17,114.76	\$20,977.01	\$29,073.90
<b>Total Other Income</b>	<b>\$968,587.84</b>	<b>\$1,063,552.22</b>	<b>\$1,302,692.92</b>	<b>\$1,032,124.33</b>	<b>\$1,856,810.78</b>
<b>Grand Total Income</b>	<b>\$3,128,884.30</b>	<b>\$3,322,481.37</b>	<b>\$3,734,752.60</b>	<b>\$3,542,627.81</b>	<b>\$4,510,617.11</b>
<b>Operating Expenses</b>	<b>(\$1,288,347.75)</b>	<b>(\$1,403,515.00)</b>	<b>(\$1,557,681.16)</b>	<b>(\$1,851,614.53)</b>	<b>(\$2,206,748.00)</b>
<i>Net Income - before Debt Service</i>	\$1,840,536.55	\$1,918,966.37	\$2,177,071.44	\$1,691,013.28	\$2,303,869.11

(1) Source: Morristown Parking Authority Annual Financial Statements

(2) Deck 1A closed in September '06 and De Hart Garage opened in October '08 on the same site.

(3) Incremental Cost (Ann-Bank), Applied Ground Lease (Mall), Temporary Lots, Washington - Cattano, Granite, Morristown Green, Vail Guarantee



**APPENDIX C  
FINANCIAL TRENDS - 2004 to 2009  
MORRISTOWN PARKING AUTHORITY**

**APPENDIX D**  
**FIVE-YEAR ANNUAL OPERATING AND MAINTENANCE EXPENSE SUMMARY\***  
**MORRISTOWN PARKING AUTHORITY**

	2005	2006	2007	2008	2009
Operating and Administrative Salaries	\$514,413	\$558,304	\$569,406	\$609,207	\$646,272
Taxes, Insurance, & Benefits	\$274,359	\$315,117	\$344,032	\$390,556	\$483,031
Utilities including Electricity	\$97,431	\$122,370	\$147,263	\$203,347	\$311,935
Maintenance	\$165,326	\$146,061	\$152,334	\$193,492	\$263,497
Special Services	\$45,130	\$66,301	\$121,149	\$93,455	\$172,067
Property Rents	\$10,434	\$11,153	\$11,236	\$96,245	\$100,048
Enforcement	\$82,498	\$81,500	\$84,238	\$85,668	\$97,904
Office & Administrative	\$82,430	\$79,972	\$89,897	\$130,891	\$85,751
Miscellaneous	\$16,326	\$22,737	\$38,126	\$48,753	\$46,243
<b>Totals</b>	<b>\$1,288,348</b>	<b>\$1,403,515</b>	<b>\$1,557,681</b>	<b>\$1,851,614</b>	<b>\$2,206,748</b>

\*Source: Parking Authority Annual Financial Statements

**LEVEL G ASSOCIATES, LLC**

**APPENDIX E**  
**5-YEAR BUDGET COMPARISON**  
**MORRISTOWN PARKING AUTHORITY**

	2006	2007	2008	2009	2010
De Hart Street Garage	\$0	\$0	\$384,662	\$388,144	\$476,739
Dalton Garage	\$317,710	\$331,584	\$364,650	\$382,582	\$400,015
Ann / Bank Garage (Lot 12L)	\$267,170	\$303,875	\$320,000	\$319,436	\$320,936
14 Maple Avenue Office Building	\$0	\$0	\$216,100	\$246,430	\$264,800
Salaries	\$272,625	\$278,457	\$169,500	\$175,566	\$188,664
10 Pine Street Office Building	\$0	\$0	\$154,300	\$154,930	\$151,800
High Street Mall Expenses	\$120,995	\$136,559	\$126,273	\$129,465	\$132,669
Taxes & Insurance Coverage	\$115,125	\$131,470	\$105,730	\$99,705	\$125,344
Special Services	\$46,565	\$69,575	\$72,900	\$123,132	\$125,188
Vail Parking Facilities	\$0	\$0	\$87,358	\$84,485	\$75,605
Miscellaneous	\$25,365	\$34,946	\$57,365	\$68,195	\$66,790
Maintenance Expenses	\$46,850	\$50,250	\$53,550	\$50,250	\$55,250
Administrative Expenses	\$28,225	\$37,000	\$16,500	\$18,500	\$18,500
Electrical Utility Expenses (Lots)	\$15,000	\$12,000	\$10,000	\$10,000	\$10,000
Property Lease	\$2,700	\$2,700	\$14,200	\$2,700	\$2,700
Lot 3F	\$0	\$0	\$41,912	\$46,480	\$0
Lot Number 4	\$118,570	\$125,984	\$0	\$0	\$0
Administrative Office Building	\$58,100	\$65,600	\$0	\$0	\$0
<b>TOTALS</b>	<b>\$1,435,000</b>	<b>\$1,580,000</b>	<b>\$2,195,000</b>	<b>\$2,300,000</b>	<b>\$2,415,000</b>

**APPENDIX F  
DEBT SERVICE SCHEDULE  
7-YEAR SUMMARY  
Morristown Parking Authority**

	Series 2002 Principal	Series 2002 Interest	Series 2002 Total	Series 2004 Principal	Series 2004 Interest	Series 2004 Total	Series 2007 Principal	Series 2007 Interest	Series 2007 Total	Grand Totals
February 1, 2007 payment	\$385,000.00	\$67,595.00	\$452,595.00	\$0.00	\$191,521.25	\$191,521.25	\$0.00	\$0.00	\$0.00	\$644,116.25
August 1, 2007 payment	\$0.00	\$60,376.25	\$60,376.25	\$95,000.00	\$191,521.25	\$286,521.25	\$0.00	\$0.00	\$0.00	\$346,897.50
<b>Total 2007 payments</b>	\$385,000.00	\$127,971.25	\$512,971.25	\$95,000.00	\$383,042.50	\$478,042.50	\$0.00	\$0.00	\$0.00	\$991,013.75
February 1, 2008 payment	\$400,000.00	\$60,376.25	\$460,376.25	\$0.00	\$190,333.75	\$190,333.75	\$0.00	\$740,452.71 *	\$0.00	\$650,710.00
August 1, 2008 payment	\$0.00	\$53,176.25	\$53,176.25	\$100,000.00	\$190,333.75	\$290,333.75	\$140,000.00	\$634,673.76 *	\$140,000.00	\$483,510.00
<b>Total 2008 payments</b>	\$400,000.00	\$113,552.50	\$513,552.50	\$100,000.00	\$380,667.50	\$480,667.50	\$140,000.00	\$1,375,126.47 *	\$140,000.00	\$1,134,220.00
February 1, 2009 payment	\$405,000.00	\$53,176.25	\$458,176.25	\$0.00	\$189,083.75	\$189,083.75	\$0.00	\$631,873.76 **	\$315,936.88	\$963,196.88
August 1, 2009 payment	\$0.00	\$45,582.50	\$45,582.50	\$110,000.00	\$189,083.75	\$299,083.75	\$210,000.00	\$631,873.76	\$841,873.76	\$1,186,540.01
<b>Total 2009 payments</b>	\$405,000.00	\$98,758.75	\$503,758.75	\$110,000.00	\$378,167.50	\$488,167.50	\$210,000.00	\$1,263,747.52	\$1,157,810.64	\$2,149,736.89
February 1, 2010 payment	\$415,000.00	\$45,582.50	\$460,582.50	\$0.00	\$187,708.75	\$187,708.75	\$0.00	\$627,673.76	\$627,673.76	\$1,275,965.01
August 1, 2010 payment	\$0.00	\$37,490.00	\$37,490.00	\$115,000.00	\$187,708.75	\$302,708.75	\$220,000.00	\$627,673.76	\$847,673.76	\$1,187,872.51
<b>Total 2010 payments</b>	\$415,000.00	\$83,072.50	\$498,072.50	\$115,000.00	\$375,417.50	\$490,417.50	\$220,000.00	\$1,255,347.52	\$1,475,347.52	\$2,463,837.52
February 1, 2011 payment	\$425,000.00	\$37,490.00	\$462,490.00	\$0.00	\$186,213.75	\$186,213.75	\$0.00	\$623,273.76	\$623,273.76	\$1,271,977.51
August 1, 2011 payment	\$0.00	\$28,990.00	\$28,990.00	\$125,000.00	\$186,213.75	\$311,213.75	\$230,000.00	\$623,273.76	\$853,273.76	\$1,193,477.51
<b>Total 2011 payments</b>	\$425,000.00	\$66,480.00	\$491,480.00	\$125,000.00	\$372,427.50	\$497,427.50	\$230,000.00	\$1,246,547.52	\$1,476,547.52	\$2,465,455.02
February 1, 2012 payment	\$440,000.00	\$28,990.00	\$468,990.00	\$0.00	\$184,463.75	\$184,463.75	\$0.00	\$618,673.76	\$618,673.76	\$1,272,127.51
August 1, 2012 payment	\$0.00	\$19,970.00	\$19,970.00	\$140,000.00	\$184,463.75	\$324,463.75	\$230,000.00	\$618,673.76	\$848,673.76	\$1,193,107.51
<b>Total 2012 payments</b>	\$440,000.00	\$48,960.00	\$488,960.00	\$140,000.00	\$368,927.50	\$508,927.50	\$230,000.00	\$1,237,347.52	\$1,467,347.52	\$2,465,235.02
February 1, 2013 payment	\$350,000.00	\$19,970.00	\$369,970.00	\$0.00	\$182,363.75	\$182,363.75	\$0.00	\$614,073.76	\$614,073.76	\$1,166,407.51
August 1, 2013 payment	\$0.00	\$12,532.50	\$12,532.50	\$250,000.00	\$182,363.75	\$432,363.75	\$240,000.00	\$614,073.76	\$854,073.76	\$1,298,970.01
<b>Total 2013 payments</b>	\$350,000.00	\$32,502.50	\$382,502.50	\$250,000.00	\$364,727.50	\$614,727.50	\$240,000.00	\$1,228,147.52	\$1,468,147.52	\$2,465,377.52

\* Entire payment is covered by Capitalized Interest Fund distribution.

\*\* 1/2 of payment is covered by Capitalized Interest Fund distribution.