



NOTICE OF BOND SALE

\$37,200,000*

**THE METROPOLITAN UTILITIES DISTRICT OF OMAHA
Water System Revenue Bonds,
Series 2018**

Bids. Electronic bids for the purchase of \$37,200,000* principal amount of Water System Revenue Bonds, Series 2018 (the “**Bonds**”), of The Metropolitan Utilities District of Omaha (the “**District**”), herein described, will be received **until 9:30 a.m., Central Time**, on

August 23, 2018

All proposals must be submitted electronically through PARITY® as further described herein. No oral or auction bids will be considered. All bids will be read and evaluated at that time and place, and the award of the Bonds, if any, will be made by the Senior Vice-President, Chief Financial Officer of the District no later than 2:00 p.m. on August 23, 2018.

Pre-Bid Revisions. The District reserves the right to issue a Supplemental Notice of Bond Sale not later than 24 hours prior to the sale date through MuniHub (“**Supplemental Notice**”). If issued, the Supplemental Notice may modify such terms of this Notice of Bond Sale as the District determines, including the date and time of the sale. Any such modifications will supersede the terms as set forth herein.

Adjustment of Issue Size. In order to properly structure the transaction, the District reserves the right, on the date of the award of the Bonds to the successful bidder, in the District’s sole discretion, to increase or decrease the principal amount of any maturity by not more than 15% of the principal amount of such maturity (provided that the total of the aggregate principal amount of the Bonds plus any reoffering premium shall not be greater than \$43,000,000) depending on the interest rates bid and the bid premium or discount, if any. The successful bidder may not withdraw its bid or change the interest rates bid as a result of any changes made to the principal amount as described herein. In the event there is an increase or decrease in the final principal amount per maturity as described above, the successful bidder will be notified on the sale date by telephone, fax or electronic mail of such increases or decreases promptly after the sale and prior to the award of the bid by the District. In the event that the maturity amounts of the Bonds are adjusted, the purchase price will be adjusted to ensure that the percentage net compensation (i.e., the percentage resulting from dividing (i) the aggregate difference between the offering price of the Bonds to the public and the price to be paid to the District by (ii) the principal amount of the Bonds) remains constant.

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* Preliminary; subject to change

Terms of the Bonds. The Bonds will consist of fully registered bonds in the denomination of \$5,000 or any integral multiple thereof. The Bonds will be dated their date of delivery, and will become due in principal installments on December 1 in the years, subject to adjustment as provided herein, as follows:

<u>Year</u>	<u>Principal Amount*</u>	<u>Year</u>	<u>Principal Amount*</u>
2019	\$1,200,000	2029	\$1,895,000
2020	1,255,000	2030	1,970,000
2021	1,320,000	2031	2,050,000
2022	1,385,000	2032	2,110,000
2023	1,455,000	2033	2,175,000
2024	1,530,000	2034	2,245,000
2025	1,605,000	2035	2,320,000
2026	1,685,000	2036	2,395,000
2027	1,750,000	2037	2,475,000
2028	1,820,000	2038	2,560,000

The Bonds will bear interest from the date thereof at rates to be determined when the Bonds are sold as hereinafter provided, which interest will be payable semiannually on June 1 and December 1 in each year, beginning on December 1, 2018.

Authority, Purpose and Security. The Bonds are being issued pursuant to the constitution and laws of the State of Nebraska and a resolution of the District (the “**Bond Resolution**”) for the purpose of providing funds, together with other funds available to the District, to finance improvements, additions and extensions to the District’s water system and to pay the costs and expenses incurred in the issuance of the Bonds. The Bonds are special obligations of the District, payable solely from the net income, revenues, receipts and profits derived by the District from the operation of its water system after payment of costs of operation and maintenance of such water system.

The Bonds are more particularly described in the Preliminary Official Statement dated the date hereof, available from the District’s financial advisor, Piper Jaffray & Co. (the “**Financial Advisor**”). This Notice of Bond Sale contains certain information for quick reference only. It is not, and is not intended to be, a summary of the Bonds. Each bidder is required to read the entire Preliminary Official Statement to obtain information essential to making an informed investment decision.

Place of Payment. Principal will be payable upon presentation and surrender of the Bonds by the registered owners thereof at the payment office of First National Bank of Omaha, Omaha, Nebraska (the “**Paying Agent**”). Payment of interest on any Bond shall be made to the registered owner thereof by check or draft mailed by the Paying Agent, on or before each interest payment date (or, if such interest payment date is not a business day, on or before the next succeeding business day), to the registered owner thereof at his or her address as it last appears on the registration books kept by the Paying Agent, as registrar, on the close of business on the record date.

Book-Entry Only System. The Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, to which payments of principal of and interest on the Bonds will be made. Individual purchases of Bonds will be made in book-entry form only. Purchasers will not receive certificates representing their interest in Bonds purchased. It shall be the obligation of the successful bidder to furnish to DTC an underwriters’ questionnaire. It shall be the obligation of the successful bidder to qualify the Bonds, if such qualification is necessary, in the jurisdictions in which it intends to reoffer the Bonds.

Optional Redemption of Bonds Prior to Maturity. At the option of the District, Bonds may be called for redemption and payment prior to maturity on December 1, 2025 and thereafter, in whole or in part at any time, at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date. Bonds of less than a single maturity will be selected for redemption by the District in multiples of \$5,000 principal amount.

* Preliminary; subject to change

Election to Specify Term Bonds. A bidder may elect to have all or a portion of the Bonds scheduled to mature consecutively issued as one or more term bonds scheduled to mature in the latest of said consecutive years and subject to mandatory redemption requirements consistent with the schedule of serial maturities set forth above, and subject to the bidder making such an election by including such information in the electronic bid submitted via PARITY®. Not less than all the Bonds of a single maturity may be converted to term bonds.

Conditions of Bids. Proposals will be received on all of the Bonds bearing such rate or rates of interest as may be specified by the bidders, subject to the following conditions: The same rate shall apply to all Bonds of the same maturity. Each interest rate specified shall be a multiple of 1/8 or 1/100 of 1%, with no zero coupons allowed. No supplemental interest payments will be authorized. The Bonds shall be sold by the District for a price not less than 98% of the total principal amount thereof and no single maturity of the Bonds shall be sold at a coupon greater than 5%. Each bid shall specify the total interest cost during the life of the Bonds on the basis of such bid, the premium or discount, if any, offered by the bidder, and the net interest cost and the true interest cost on the basis of such bid. Each bidder agrees that, if it is awarded the Bonds, it will provide to the District the certification as to initial offering prices described under the caption "Certification as to Offering Prices" in this Notice of Bond Sale.

Basis of Award. The Bonds will be awarded to the bidder whose bid will result in the lowest "true interest cost" ("TIC"), determined as follows: the TIC is the discount rate (expressed as a per-annum percentage rate) which, when used in computing the present value of all payments of principal and interest to be paid on the Bonds, from the scheduled payment dates back to the dated date of the Bonds, produces an amount equal to the price bid, including premium or discount, if any, but excluding any interest accrued to the date of delivery. Payments of principal and interest on the Bonds shall be based on the principal amounts set forth in this Notice of Bond Sale and the interest rates specified by each bidder. Present value shall be computed on the basis of semiannual compounding and a 360-day year of twelve 30-day months. No bidder shall be awarded the Bonds unless its bid shall be in compliance with the other terms and conditions of this Notice of Bond Sale. In the event that two or more bidders offer bids at the same lowest TIC, the District shall determine which bid, if any, shall be accepted, and its determination shall be final. Bidders are requested to supply an estimate of the TIC for the Bonds on the Bid Form described in this Notice of Bond Sale, computed as specified herein on the basis of their respective bids, which shall be considered as informative only and not binding on either the bidder or the District. In the event the TIC specified on the Official Bid Form does not correspond to the interest rates specified, the interest rates specified will govern and the TIC will be adjusted accordingly. The District reserves the right to waive irregularities and to reject any or all bids.

Insurance. Bids for the Bonds may not be conditioned upon obtaining insurance or any other credit enhancement. If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of a bidder, any purchase of such insurance or commitment therefor will be at the sole option and expense of the bidder and any increased costs of issuance of the bonds resulting by reason of such insurance will be paid by such bidder, unless otherwise paid. The bidder and bond insurer should assume no material changes to the offering documents, bond documents or security provisions of the Bonds will be permitted. Any failure of the Bonds to be so insured or of any such policy of insurance to be issued will not in any way relieve the successful bidder of its contractual obligations arising from the acceptance of its bid for the Bonds.

Legal Opinion. The Bonds will be sold subject to the approving legal opinion of Gilmore & Bell, P.C., Bond Counsel, which opinion will be furnished and paid for by the District and delivered to the successful bidder when the Bonds are delivered. Said opinion will also include the opinion of Bond Counsel relating to the exclusion of the interest on the Bonds from gross income for federal and Nebraska income tax purposes. Reference is made to the Preliminary Official Statement for further discussion of certain federal and Nebraska income tax matters relating to the interest on the Bonds.

Establishment of Issue Price.

(a) In order to provide the District with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the "Code"), the winning bidder will be required to assist the District in establishing the "issue price" of the Bonds and complete, execute and deliver to the District prior to the date of issuance of the Bonds, a written certification in a form acceptable to the winning bidder, the District and Bond Counsel (the "Issue Price Certificate") containing the following for each maturity of the Bonds:

- (1) the interest rate;
- (2) the reasonably expected initial offering price to the “**public**” (as such term is used in Treasury Regulation Section 1.148-1(f) (the “**Regulation**”)) or the sale price; and
- (3) pricing wires or equivalent communications supporting such offering or sale price.

Any action to be taken or documentation to be received by the District pursuant hereto may be taken or received by Piper Jaffray & Co., the District’s Financial Advisor or Bond Counsel on behalf of the District.

(b) The District intends that the sale of the Bonds pursuant to this Notice of Bond Sale shall constitute a “competitive sale” as defined in the Regulation. In support thereof:

- (1) the District shall cause this Notice of Bond Sale to be disseminated to potential bidders in a manner reasonably designed to reach potential bidders;
- (2) all bidders shall have an equal opportunity to submit a bid;
- (3) the District reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Bonds; and
- (4) the District anticipates awarding the sale of the Bonds to the bidder that provides a bid with the lowest TIC in accordance with the section hereof entitled “Basis of Award.”

(c) Any bid submitted pursuant to this Notice of Bond Sale shall be considered a firm offer for the purchase of the Bonds as specified therein. The winning bidder shall constitute an “**underwriter**” as said term is defined in the Regulation. By submitting its bid, the winning bidder confirms that it shall require any agreement among underwriters, a selling group agreement or other agreement to which it is a party relating to the initial sale of the Bonds, to include provisions requiring compliance with provisions of the Code and the Regulation regarding the initial sale of the Bonds.

(d) If all of the requirements of a “competitive sale” are not satisfied, the District shall advise the winning bidder of such fact at the time of award of the sale of the Bonds to the winning bidder and the following provisions shall apply to the Bonds. ***In such event, any bid submitted will not be subject to cancellation or withdrawal.*** Within twenty-four (24) hours of the notice of award of the sale of the Bonds, the winning bidder shall advise the District if a “**substantial amount**” (as defined in the Regulation (10%)) of any maturity of the Bonds has been sold to the public and the price at which such substantial amount was sold. The District will treat such sale price as the “issue price” for such maturity, applied on a maturity-by-maturity basis. The District will ***not*** require the winning bidder to comply with that portion of the Regulation commonly described as the “hold-the-offering-price” requirement for the remaining maturities, but the winning bidder may elect such option. If the winning bidder exercises such option, the District will apply the initial offering price to the public provided in the bid as the issue price for such maturities. If the winning bidder does not exercise that option, it shall thereafter promptly provide the District the prices at which a substantial amount of such maturities are sold to the public. ***Any change in the issue price of any of the Bonds after the Submittal Time will not affect the purchase price for the Bonds submitted in the bid of the winning bidder.***

(e) This agreement by the winning bidder to provide such information will continue to apply after the date of issuance of the Bonds if: (1) the District requests the information in connection with an audit or inquiry by the Internal Revenue Service (the “**IRS**”) or the Securities and Exchange Commission (the “**SEC**”) or (2) the information is required to be retained by the District pursuant to future regulation or similar guidance from the IRS, the SEC or other federal or state regulatory authority.

Certificate of Final Terms. Prior to the delivery of the Bonds, the successful bidder will be required to execute and enter into with the District, a Certificate of Final Terms setting out the final terms of the Bonds, including the principal amounts, interest rates and pricing per maturity and the redemption provisions.

Delivery and Payment. The District will deliver the Bonds, properly prepared, executed and registered, without cost to the successful bidder on or about September 27, 2018 in book-entry form only through the facilities of The Depository Trust Company in New York, New York. The successful bidder will also be furnished with a certified transcript of the proceedings evidencing the authorization and issuance of the Bonds and the usual closing documents, including a certificate that there is no litigation pending or threatened at the time of delivery of the Bonds affecting their validity and a certificate regarding the completeness and accuracy of the Official Statement. Payment for the Bonds shall be made in federal reserve funds, immediately available for use by the District.

Good Faith Deposit. The successful bidder (the “**Purchaser**”) is required to submit a good faith deposit in the amount of \$372,000 (the “**Deposit**”) to the District in the form of an electronic transfer of federal reserve funds (pursuant to wire instructions which will be provided to the successful bidder), immediately available for use by the District, as instructed by the District or its Financial Advisor, no later than 3:00 P.M. Central Time on the day on which the proposals are received. If the Deposit is not received by such time, the District may abandon its plan to award the Bonds to such Purchaser, and contact the bidder with the next lowest TIC and offer said bidder the opportunity to become the Purchaser. The Deposit of the Purchaser shall constitute a good faith deposit and shall be retained by the District to insure performance of the requirements of the sale by the Purchaser. In the event the Purchaser shall fail to comply with the terms of its bid, the Deposit will be forfeited as full and complete liquidated damages. Upon delivery of the Bonds, the Deposit will be applied to the purchase price of the Bonds or shall be returned to the Purchaser, but no interest shall be allowed thereon. If a bid is accepted but the District fails to deliver the Bonds to the bidder in accordance with the terms and conditions of this Notice of Bond Sale, the Deposit shall be returned to the Purchaser.

Bond Rating. Moody’s Investors Service, Inc. is expected to give the Bonds a rating of “Aa2.” This rating reflects such agency’s evaluation of the investment quality of the Bonds. Such rating reflects only the view of such rating agency, and an explanation of the significance of such rating may be obtained therefrom. There can be no assurance that the rating will remain in effect for any given period of time or that the rating will not be revised, either downward or upward, or withdrawn entirely, by the rating agency if, in its judgment, circumstances warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

Submission of Bids. Electronic bids via PARITY® must be submitted in accordance with this Notice of Bond Sale. During the electronic bidding, no bidder will see any other bidder’s bid or the status of their bid relative to other bids (i.e. whether their bid is a leading bid). Bidders may modify or cancel their bid at any time up to the end of the bidding. If provisions of this Notice of Bond Sale conflict with those of PARITY®, this Notice of Bond Sale shall control. Bids for the Bonds must be received before **9:30 a.m., Central Time, on THURSDAY, AUGUST 23, 2018**. The District and the Financial Advisor shall not be responsible for any failure, misdirection, delay or error in the means of transmission selected by the bidder.

PARITY®. All proposals must be submitted electronically through PARITY® and no other proposals will be considered. Information about the electronic bidding services of PARITY® may be obtained from i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Phone No. (212) 849-5000 and from the following web site: www.newissuhome.i-deal.com. The District shall not be responsible for proper operation of, or have any liability for, any delays, interruptions, or damages caused by use of the PARITY® system. The District is using the PARITY® system as a communication mechanism, and not as the District’s agent, to conduct the electronic bidding for the Bonds. The use of the PARITY® system shall be at the bidder’s risk and expense, and the District and its agents shall have no liability with respect thereto. The bids must be received as provided herein and by the time specified. The District is not bound by any advice or determination of PARITY® to the effect that any particular bid complies with the terms of this Notice of Bond Sale and the bid specifications. An electronic bid made through the facilities of PARITY® shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Notice of Bond Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the District.

Preliminary Official Statement and Official Statement. The District has prepared a Preliminary Official Statement “deemed final” as of its date, an electronic copy of which may be obtained from the Financial Advisor as provided herein. Upon the sale of the Bonds, the District will prepare the final Official Statement and will furnish the Purchaser with an electronic copy of the final Official Statement within seven business days of the acceptance of the Purchaser’s proposal in order to comply with Rule 15c2-12(b)(4) of the Securities and Exchange Commission and Rule G-32 of the Municipal Securities Rulemaking Board. The District’s acceptance of the successful bidder’s

proposal for the purchase of the Bonds shall constitute a contract between the District and the Purchaser for purposes of said Rules.

Continuing Disclosure. The District covenants and agrees to enter into a continuing disclosure undertaking to provide ongoing disclosure about the District, for the benefit of the bondholders on or before the date of delivery of the Bonds as required by Section (b)(5)(i) of Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), which continuing disclosure undertaking shall be in the form attached to the Preliminary Official Statement. The District’s prior noncompliance with its continuing disclosure undertakings under the Rule is described in the Preliminary Official Statement.

CUSIP Numbers. It is anticipated that CUSIP numbers will be printed on the Bonds at the expense of the District. In no event will the District, Bond Counsel or the Financial Advisor be responsible for the review of or express any opinion that the CUSIP numbers are correct. Incorrect CUSIP numbers on the Bonds shall not be cause for the Purchaser to refuse to accept delivery of the Bonds.

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Additional Information. Additional information regarding the Bonds may be obtained from the Financial Advisor, Piper Jaffray & Co., 11635 Rosewood Street, Leawood, Kansas, 66211, Attention: Bill Henderson (913) 345-3370, william.p.henderson@pjc.com or Todd Goffoy (913) 345-3373, a.t.goffoy@pjc.com.

DATED this 9th day of August, 2018.

**THE METROPOLITAN UTILITIES DISTRICT
OF OMAHA**

By: /s/ Debra A. Schneider
Senior Vice-President, Chief Financial Officer