

\$13,545,000*

**THE CITY OF LINCOLN, NEBRASKA
SANITARY SEWER REVENUE REFUNDING BONDS,
SERIES 2017**

OFFICIAL NOTICE OF SALE

The above-referenced Sanitary Sewer Revenue Refunding Bonds, Series 2017 (the “**2017 Bonds**”), are being offered for sale in accordance with this Official Notice of Sale. Bids for the purchase of the 2017 Bonds will be received on behalf of The City of Lincoln, Nebraska (the “**City**”) on the AICaution website (“**AICaution**”) at website address “www.aicauction.com” on **September 13, 2017** between 11:15 a.m. and 11:30 a.m., Eastern Time or such other date and time as may be established by the City Finance Director or his designee and communicated by Thomson Municipal Market Monitor (TM3) or on AICaution not less than 20 hours prior to the time bids are to be received. To bid, bidders must have (a) completed the registration form on the AICaution website, and (b) requested and received admission to the City’s auction as described herein. The use of the AICaution shall be at the bidder’s risk and expense and the City shall have no liability with respect thereto.

August 30, 2017

* Estimated, subject to change.

BOOK-ENTRY**OFFICIAL NOTICE OF SALE****\$13,545,000*****THE CITY OF LINCOLN, NEBRASKA
SANITARY SEWER REVENUE REFUNDING BONDS,
SERIES 2017**

Notice is hereby given that all-or-none bids will be received by The City of Lincoln, Nebraska (the “**City**”) for the purchase of \$13,545,000* aggregate principal amount of the above-referenced Sanitary Sewer Revenue Refunding Bonds, Series 2017 (the “**2017 Bonds**”) only on the AICaution website (“**AICaution**”) at website address “www.aicauction.com” between 11:15 a.m. and 11:30 a.m. Eastern Time on **September 13, 2017**, or on such other date and time as may be established by the City Finance Director or his designee. The principal maturities of the 2017 Bonds or any other provisions of this Official Notice of Sale may be amended by the City and communicated by Thomson Municipal Market Monitor (TM3) or through AICaution not less than 20 hours prior to the time the bids are to be received. To bid, bidders must have (a) completed the registration form on the AICaution website, and (b) requested and received admission to the City’s auction as described under the heading “**REGISTRATION AND ADMISSION TO BID**” below. Use of the AICaution shall be at the bidder’s risk and expense and the City shall have no liability with respect thereto. All capitalized terms used herein which are not otherwise defined shall have the respective meanings set forth in the Preliminary Official Statement with respect to the 2017 Bonds posted on AICaution (the “**Preliminary Official Statement**”).

FORM, MATURITY AND PAYMENT OF 2017 BONDS

The 2017 Bonds shall be issued in fully registered form in denominations of \$5,000 or integral multiples thereof; shall be dated the date of delivery thereof (the “**Dated Date**,” currently anticipated to be September 28, 2017), shall bear interest from their Dated Date, payable on June 15 and December 15 of each year, commencing December 15, 2017, and shall mature on June 15 in the years as set forth below in the approximate principal amounts set forth below:

<u>Year</u>	<u>Principal Amount*</u>	<u>Year</u>	<u>Principal Amount*</u>
2018	\$ 555,000	2026	\$ 935,000
2019	780,000	2027	965,000
2020	800,000	2028	990,000
2021	815,000	2029	1,030,000
2022	835,000	2030	1,070,000
2023	860,000	2031	1,115,000
2024	880,000	2032	1,005,000
2025	910,000		

* Estimated, subject to change. **Individual maturities may be increased or decreased after submission of bids depending on aggregate original issue discount or original issue premium, and stated principal amount may be adjusted to a maximum of \$15,300,000, in order to sufficiently refund the Refunded Bonds all as described under “ADJUSTMENT OF PRINCIPAL AMOUNTS” below.**

2017 Bonds of any maturities may be designated as term maturities; provided, however that no more than one term bond may be specified in any bid.

BOOK-ENTRY SYSTEM

The 2017 Bonds will be initially registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York (“DTC”) under DTC’s book-entry system of registration. Purchasers of interests in the 2017 Bonds (the “Beneficial Owners”) will not receive physical delivery of bond certificates and ownership by the Beneficial Owners of the 2017 Bonds will be evidenced by book-entry notations only. See “APPENDIX D – BOOK-ENTRY SYSTEM” to the Preliminary Official Statement. So long as Cede & Co. is the registered owner of the 2017 Bonds as nominee of DTC, payments of principal and interest will be made directly to DTC, which will in turn remit such payments to the DTC participants for subsequent disbursement to the Beneficial Owners.

ADJUSTMENT OF PRINCIPAL AMOUNTS

The City reserves the right to make adjustments to any given maturity as necessary to primarily provide for level annual savings.

The City requires net funding of approximately \$14,660,000 to refund the Refunded Bonds (as defined below) on the Redemption Date (see “AUTHORITY AND PURPOSE” below). As a result, the aggregate principal amount of the 2017 Bonds may be adjusted to accomplish such net funding and could be sized up to an aggregate stated principal amount of \$15,300,000 if pricing is at the minimum aggregate of 97.0%.

In the event of such adjustments, no rebidding or recalculation of the bids for the 2017 Bonds will be permitted or required. The purchase price of the 2017 Bonds will be computed by taking the adjusted par amount of the 2017 Bonds and either subtracting the aggregate original issue discount or adding the aggregate original issue premium, as applicable, computed on the adjusted par amounts of each maturity of the 2017 Bonds and the prices provided by the underwriters. The 2017 Bonds of each maturity, as adjusted, will bear interest at the same rate and must have the same initial reoffering yields as specified for that maturity immediately after award of the 2017 Bonds by the successful bidder for the 2017 Bonds. However, the award will be made to the bidder whose bid produces the lowest true interest cost, calculated as specified below, solely on the basis of the 2017 Bonds offered, without taking into account any adjustment in the amount of 2017 Bonds by the bidder pursuant to this paragraph.

TERM BOND OPTIONS

Any bidder may, at its option, specify that the stated maturities of the 2017 Bonds will consist of not to exceed one term bond which is subject to mandatory sinking fund redemption in consecutive years immediately preceding the maturity thereof (a “Term Bond”) as designated in the bid of such bidder. In the event that the bid of the successful bidder specifies that any maturity of the 2017 Bonds will be a Term Bond, such Term Bond will be subject to mandatory sinking fund redemption on June 15, in each applicable year, in the principal amount for such year as set forth hereinbefore under the heading “FORM, MATURITY AND PAYMENT OF 2017 BONDS,” or as adjusted as provided herein, at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest thereon to the redemption date.

OPTIONAL REDEMPTION PROVISIONS

The 2017 Bonds maturing on or before June 15, 2027 are not redeemable prior to their stated dates of maturity. The 2017 Bonds maturing on and after June 15, 2028, are redeemable prior to their stated dates of maturity, at the option of the City, as a whole at any time or in part from time to time on or after June 15, 2027, from such maturities and in such amounts as the City in its discretion shall select and by lot within a maturity if less than a full maturity is redeemed, from money which may be available for such purpose and deposited with the paying agent for the 2017 Bonds on or before the date fixed for redemption, at a redemption price equal to 100% of the principal amount thereof plus accrued interest on such principal amount to the redemption date.

AUTHORITY AND PURPOSE

The 2017 Bonds are authorized pursuant to the provisions of Sections 15-244 and 18-1803 to 18-1805, inclusive, Reissue Revised Statutes of Nebraska, as amended, Article IX, Section 44 of the City's Home-Rule Charter and Ordinance No. 18171 of the City duly passed by the City Council on May 5, 2003 and approved by the Mayor May 9, 2003 (the **"General Ordinance"**) as the same is amended from time to time, including but not limited to an Ordinance of the City duly passed by the City Council on August 28, 2017 and approved by the Mayor (collectively, the **"Ordinance"**). The 2017 Bonds are being issued to (a) refund the City's Sanitary Sewer Revenue Bonds, Series 2007 in the outstanding principal amount of \$14,730,000 (the **"Refunded Bonds"**), (b) fund a debt service reserve account for the 2017 Bonds and (c) pay costs of issuance for the 2017 Bonds, as described in the Preliminary Official Statement.

SECURITY

The 2017 Bonds, together with (a) \$27,820,000 outstanding principal amount of the City's Sanitary Sewer Revenue Refunding Bonds, Series 2012, dated May 24, 2012 (the **"2012 Bonds"**), (b) \$10,845,000 outstanding principal amount of the City's Sanitary Sewer Revenue Refunding Bonds, Series 2015, dated April 9, 2015 (the **"2015 Bonds"**) and (c) all additional sanitary sewer revenue bonds hereinafter issued by the City pursuant to the Ordinance and outstanding thereunder (collectively, the **"Bonds"**) are payable solely from and secured by a pledge of the Net Revenues (hereinafter defined) of the City's sanitary sewer collection and treatment system (the **"System"**). The Ordinance defines (a) **"Net Revenues"** as Revenues less Operation and Maintenance Expenses plus Depreciation, determined in accordance with generally accepted accounting principles for proprietary governmental operations such as the System, (b) **"Revenues"** as (1) total operating revenues, plus (2) interest income, plus (3) tap fees, plus (4) impact fees, if any, allocable to the System, plus (5) such other revenues and income as shall be determined to be appropriate in accordance with generally accepted accounting principles for proprietary governmental operations such as the System, (c) **"Operation and Maintenance Expenses"** as the necessary expenditures for operating and maintaining the System and shall include expenditures generally classified as operating expenses in accordance with generally accepted accounting principles for proprietary governmental operations such as the System and (d) **"Depreciation"** as depreciation and amortization expenses with respect to the System, classified as such in accordance with generally accepted accounting principles for proprietary governmental operations such as the System. **The full faith and credit of the City is not pledged to the payment of the Bonds.** Reference is hereby made to the Preliminary Official Statement available at www.AICaution.com for a more complete description of the security for the 2017 Bonds.

INTEREST RATES

Bidders shall specify rates of interest on the basis of a 360-day year consisting of twelve, 30-day months, expressed in multiples of 1/8 or 1/20 of 1% per annum, with the same single interest rate for any one maturity. The use of split or supplemental interest coupons will not be considered and a zero rate or blank rate will not be permitted. All 2017 Bonds maturing on the same date shall bear the same rate of interest.

GOOD FAITH DEPOSIT

The successful bidder will be required to wire \$135,450 to the City as bid security (the “Deposit”) by 2:00 p.m., Eastern Time, on Thursday, September 14, 2017. The City will contact the successful bidder to provide wire instructions for the bid security. The Deposit will be retained by the City and: (a) will be applied, without allowance for interest, against the purchase price when the 2017 Bonds are actually delivered to and paid for by such successful bidder; or (b) will be retained by the City as liquidated damages if the bidder defaults with respect to the bid; or (c) will be returned to the bidder with interest at the rate of 1% per annum if the 2017 Bonds are not issued by the City for any reason which does not constitute a default by the bidder. The balance of the purchase price shall be paid in Federal Funds.

CERTIFICATION AS TO ISSUE PRICE

The successful bidder shall assist the City in establishing the issue price of the 2017 Bonds and shall execute and deliver to the City at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the 2017 Bonds, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the City and Bond Counsel. All actions to be taken by the City under this Notice of Sale to establish the issue price of the 2017 Bonds may be taken on behalf of the City by the City’s Municipal Advisor identified herein and any notice or report to be provided to the City may be provided to the City’s Municipal Advisor.

Section 1. Competitive Sale Requirements

The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the 2017 Bonds) will apply to the initial sale of the 2017 Bonds (the “**competitive sale requirements**”) because:

- (1) the City shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the 2017 Bonds to the bidder who submits a firm offer to purchase the 2017 Bonds at the highest price (or lowest true interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the 2017 Bonds, as specified in the bid.

Section 2. 10% Test; Hold-The-Offering-Price Rule

In the event that the competitive sale requirements are not satisfied, the City will promptly so advise the successful bidder. The City may determine to treat (i) the price at which the first 10% of a maturity of the 2017 Bonds (the “**10% Test**”) is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the 2017 Bonds as the issue price of that maturity (the “**hold-the-offering-price rule**”), in each case applied on a maturity-by-maturity basis. The winning bidder shall promptly advise the City if any maturity of the 2017 Bonds satisfies the 10% Test as of the date and time of the award of the 2017 Bonds. The City shall then promptly advise the winning bidder, at or before the time of award of the 2017 Bonds, which maturities of the 2017 Bonds shall be subject to the 10% Test or shall be subject to the hold-the-offering-price rule. **Bids will not be subject to cancellation in the event that the City determines to apply the hold-the-offering-price rule to any maturity of the 2017 Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the 2017 Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the 2017 Bonds.**

By submitting a bid, the successful bidder shall (a) confirm that the underwriters have offered or will offer the 2017 Bonds to the public on or before the date of award at the offering price or prices (the “**initial offering price**”), or at the corresponding yield or yields, set forth in the bid submitted by the successful bidder and (b) if the competitive sale requirements are not satisfied, agree, on behalf of the underwriters, that the underwriters will neither offer nor sell unsold 2017 Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following (the “**HTP End Date**”):

- (i) the close of the fifth (5th) business day after the sale date; or
- (ii) the date on which the underwriters have sold at least 10% of that maturity of the 2017 Bonds to the public at a price that is no higher than the initial offering price to the public.

If the competitive sale requirements are not satisfied, then until the last HTP End Date for the 2017 Bonds, or such later date as may be reasonably requested by the City, the successful bidder agrees to promptly report to the City, upon request, the prices at which the unsold 2017 Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the last HTP End Date for the 2017 Bonds, or such later date as may be reasonably requested by the City.

Section 3. Bidder Representations

By submitting a bid, each bidder confirms that: (a) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the 2017 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (i) report the prices at which it sells to the public the unsold 2017 Bonds of each maturity allotted to it until it is notified by the successful bidder that either the 10% Test has been satisfied as to the 2017 Bonds of that maturity or all 2017 Bonds of that maturity have been sold to the public and (ii) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the successful bidder and as set forth in

the related pricing wires, (b) any agreement among underwriters relating to the initial sale of the 2017 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the 2017 Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (i) report the prices at which it sells to the public the unsold 2017 Bonds of each maturity allotted to it until it is notified by the successful bidder or such underwriter that either the 10% Test has been satisfied as to the 2017 Bonds of that maturity or all 2017 Bonds of that maturity have been sold to the and (ii) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires and (c) it has an established industry reputation for underwriting municipal bonds such as the 2017 Bonds.

Section 4. Definitions

Sales of any 2017 Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (a) **“public”** means any person other than an underwriter or a related party,
- (b) **“underwriter”** means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2017 Bonds to the public and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) to participate in the initial sale of the 2017 Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the 2017 Bonds to the public),
- (c) a purchaser of any of the 2017 Bonds is a **“related party”** to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) **“sale date”** means the date that the 2017 Bonds are awarded by the City to the successful bidder.

REGISTRATION AND ADMISSION TO BID

To bid, bidders must first visit the AICaution website to register, if necessary, and request admission to bid on the 2017 Bonds. Bidders will be notified prior to the scheduled bidding time of their eligibility to bid. Only FINRA registered broker-dealers and dealer banks with DTC clearing arrangements will be eligible to bid. The City will determine whether any request for admission is

granted. Bidders who have previously registered with MuniAuction may call MuniAuction at (412) 391-5555, extension 370 (auction support) for their ID Number or password.

BIDDING PROCEDURES

All bids must be submitted on AICaution at www.aicauction.com. No telephone, facsimile or personal delivery bids will be accepted. Bidders may change and submit bids as many times as they like during the auction; provided, however, each submitted bid, other than a bidder's initial bid, must result in a lower true interest cost ("**TIC**"), when compared to the immediately preceding bid of such bidder. The last bid submitted by a bidder before the end of the auction will be compared to all other final bids submitted by others to determine the winning bidder. During the bidding, no bidder will see any other bidder's bid, but each bidder will see their rank order (i.e., leader, cover, third, etc.). During the bidding, bidders will be able to see whether any bid has been submitted for the 2017 Bonds.

Bidders should verify the accuracy of their final bids and compare them to the winning bids reported on the AICaution Observation Page immediately after the auction.

RULES OF AICAUTION

The Rules of AICaution can be viewed on AICaution and are incorporated herein by reference. If the Rules of AICaution conflict with this Official Notice of Sale, this Official Notice of Sale shall govern. In addition to the requirements of this Official Notice of Sale, bidders must comply with the Rules of AICaution set forth below:

(a) A bidder submitting a winning bid is irrevocably obligated to purchase the 2017 Bonds at the rates and prices of the winning bid, if acceptable to the City. The 2017 Bonds are not officially awarded to the winning bidder until its bid is formally accepted by the City. The City anticipates awarding the 2017 Bonds within an hour after the close of bidding.

(b) Neither Ameritas Investment Corp. ("**AIC**") nor MuniAuction (the "**Auction Administrator**") is responsible for technical difficulties that result in loss of a bidder's internet connection with AICaution, a delay in the transmission of a bid, or any other technical problems.

(c) If for any reason a bidder is disconnected from the Auction Page during the auction after having submitted a winning bid, such bid is valid and binding upon the bidder unless the City exercises its right to reject bids as set forth herein.

(d) Bids generating error messages are not accepted until the error is corrected and the bid is received prior to the deadline.

(e) Bidders accept and agree to abide by all terms and conditions specified in this Official Notice of Sale including any amendment hereto (the "**Amendments**").

(f) Neither AIC nor the Auction Administrator is responsible to any bidder for any defect or inaccuracy in this Official Notice of Sale, the Amendments, or the Preliminary Official Statement as each appears on AICaution.

(g) Only bidders who request and receive admission to an auction may submit bids. AIC and the Auction Administrator reserve the right to deny access to AICauction to any bidder, whether registered or not, at any time and for any reason whatsoever, in their sole and absolute discretion.

(h) Neither AIC nor the Auction Administrator is responsible for protecting the confidentiality of a bidder's AICauction password.

(i) If a new leading bid is submitted with two minutes or less remaining for the auction, the auction will be automatically extended by two minutes from the time such new leading bid was received by AICauction. The auction end time will be extended indefinitely until a single leading bid remains the leading bid for at least two minutes.

(j) If two bids submitted in the same auction by the same or different bidders result in the same TIC, the first bid received by AICauction prevails. Any change to a submitted bid constitutes a new bid regardless of whether there is a corresponding change in the TIC or yield to maturity.

(k) Bidders must compare their final bids to those shown on the Observation Page immediately after the bidding period ends, and any disagreement with the final results shown on the Observation Page must be reported to AICauction within 15 minutes after the bidding period ends. Regardless of the final results reported by AICauction, 2017 Bonds are definitively awarded to winning bidders only upon official award by the City. If, for any reason, the City fails to (1) award the 2017 Bonds to the winner reported by AICauction or (2) deliver 2017 Bonds to winning bidder(s) at settlement, none of AIC, the Auction Administrator, or the City will be liable for damages.

TERMS OF BID AND BASIS OF AWARD

Proposals must be unconditional for the purchase of all of the 2017 Bonds. The aggregate purchase price (inclusive of (a) net original issue discount or premium and (b) underwriter's discount) may not be less than 97% of the principal amount of the 2017 Bonds, and the underwriting discount shall not exceed 1.0%. No bid offering to purchase the 2017 Bonds with (i) true interest cost on the 2017 Bonds exceeding 3.6% per annum, as calculated on the basis of a 360-day year consisting of twelve 30-day months, or (ii) a coupon on any individual maturity exceeding 5.0% per annum, will be considered.

The 2017 Bonds will be conditionally awarded to the bidder offering to purchase all of the 2017 Bonds at the lowest TIC, subject to the timely receipt of the good faith deposit set forth above. It is anticipated that such conditional award will be made by the City within one hour after the auction. 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 2017 Bonds, as of the Dated Date, produces an amount equal to the aggregate price bid, including adjustments for premium or discount, if any. Present value will be computed on the basis of semiannual compounding and a 360-day year of twelve 30-day months. For purposes hereof, sinking fund installments for any Term Maturities shall be considered as serial maturities. The TIC must be calculated to six (6) decimal places. Bidders are requested to supply an estimate of the TIC for the 2017 Bonds on the Official Bid Form or the AICauction website, 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 City. The City will compute TIC for each bid, based on the bid price and the interest rates specified, and the City's computation will be conclusive. If there is any discrepancy between the TIC specified

by a bidder and the actual TIC computed by the City, the TIC computed by the City will govern, and the bidder will be bound by its specified bid price and interest rates. If two or more proper bids produce equal values for the lowest TIC, the City Finance Director will determine in his discretion which bid, if any, will be accepted, and such determination will be final.

THE CITY RESERVES THE RIGHT TO REJECT ALL BIDS OR ANY BID NOT CONFORMING TO THIS OFFICIAL NOTICE OF SALE OR NOT SUBMITTED IN THE FORM OF THE OFFICIAL BID FORM. THE CITY ALSO RESERVES THE RIGHT TO WAIVE, IF PERMITTED BY LAW, ANY IRREGULARITY OR INFORMALITY IN ANY PROPOSAL. THE CITY SHALL NOT REJECT ANY CONFORMING BID, UNLESS ALL CONFORMING BIDS ARE REJECTED.

VERIFICATION; RIGHT OF REJECTION

Bidders should verify the accuracy of their final bids and compare them to the winning bids reported on the AICaution Observation Page immediately after the auction.

The City reserves the right to reject any and all bids, to waive any irregularity or informality in any bid, to take any action adjourning or postponing the sale of the 2017 Bonds or to take any other action the City may deem to be in its best interest.

STANDARD FILINGS AND CHARGES

The winning bidder will be required to make the standard filings and maintain the appropriate records routinely required pursuant to MSRB Rules G-8, G-11 and G-36. The winning bidder will be required to pay the standard MSRB charge for 2017 Bonds purchased. In addition, those who are members of the Bond Market Association (“BMA”) will be required to pay BMA’s standard charge per bond.

CUSIP NUMBERS AND DTC ELIGIBILITY

It is anticipated that CUSIP identification numbers will be printed on the 2017 Bonds, but neither the failure to print such number on any 2017 Bonds nor any error with respect thereto shall constitute cause for failure or refusal by the successful bidder to accept delivery of and pay for the 2017 Bonds in accordance with their agreement to purchase the 2017 Bonds. The bidder will be responsible for obtaining and paying for CUSIP numbers on the 2017 Bonds.

It is anticipated that the 2017 Bonds will be issued in book-entry form and eligible for custodial deposit with DTC; however, it will be the responsibility of the successful bidder to obtain such eligibility. Failure of the successful bidder to obtain DTC eligibility shall not constitute cause for failure or refusal by the successful bidder to accept delivery of and pay for the 2017 Bonds in accordance with its agreement to purchase the 2017 Bonds.

DELIVERY OF 2017 BONDS

The City will pay the cost of preparing the 2017 Bonds. Delivery of and payment for the 2017 Bonds will be made on or about September 28, 2017 (the “**Date of Delivery**”) in New York, New York,

or such other time and place mutually acceptable to the successful bidder and the City. Payment of the full purchase price, less the Deposit, shall be made to the City at the closing, in Federal Reserve Funds of the United States of America, without cost to the City.

The legal opinion of Gilmore & Bell, P.C., Omaha, Nebraska (“**Bond Counsel**”) will be furnished without charge to the successful bidder at the time of delivery of the 2017 Bonds. The form of such opinion is attached as “**Appendix E**” to the Preliminary Official Statement.

The successful bidder will be responsible for the clearance or exemption with respect to the status of the 2017 Bonds for sale under the securities or “Blue Sky” laws of the several states and the preparation of any surveys or memoranda in connection with such sale.

CLOSING REPRESENTATIONS

There will be furnished at the time of delivery of the 2017 Bonds, a certificate or certificates of the City (which may be included in a consolidated closing certificate) relating to the accuracy and completeness of the Official Statement; and stating, among other things, that there is no litigation or administrative action or proceeding pending or, to the knowledge of the City, threatened, at the time of delivery of the 2017 Bonds, (a) to restrain or enjoin or seeking to restrain or enjoin the issuance and delivery of the 2017 Bonds or (b) affecting the validity of the 2017 Bonds, and that the Preliminary Official Statement has been deemed by the City to be a “final official statement” for purposes of SEC Rule 15c2-12(b)(3) and (4).

DISCLOSURE; AMENDMENTS TO NOTICE OF SALE; NOTIFICATION OBLIGATIONS OF PURCHASER

This Official Notice of Sale is not intended as a disclosure document and bidders are required to obtain and carefully review the Preliminary Official Statement before submitting a bid.

This Official Notice of Sale may be amended from time to time after its initial publication by publication of amendments thereto not less than 20 hours prior to the time bids are to be received by publication on the “Amendments Page” of AICaution or by Thomson Municipal Market Monitor. Each bidder will be charged with the responsibility of obtaining any such amendments and complying with the terms thereof.

The successful bidder shall verify in writing to the City its bid by executing **Exhibit A** to this Official Notice of Sale and attaching a printed copy of its winning bid as reported on the AICaution Observation Page.

OFFICIAL STATEMENT

The City shall furnish at its expense within seven business days after the 2017 Bonds have been awarded to the successful bidder, or at least five business days before closing, whichever is earlier, an electronic copy of the final Official Statement, which, in the judgment of the municipal advisor with respect to the 2017 Bonds will permit the successful bidder to comply with applicable SEC and MSRB rules. The City has deemed the Preliminary Official Statement related to the 2017 Bonds to be “final” as of its date for purposes of SEC Rule 15c2-12, except for such omissions permitted by SEC Rule 15c2-12.

CONTINUING DISCLOSURE

In order to assist bidders in complying with SEC Rule 15c2-12, the City will undertake to provide, or cause to be provided, certain financial information and operating data relating to the City by not later than May 1 of each year (the “**Annual Report**”), commencing May 1, 2018, and to provide notices of the occurrence of certain enumerated events to the MSRB through the Electronic Municipal Market Access system. The form of the Continuing Disclosure Undertaking of the City is summarized in the Preliminary Official Statement. A copy of the undertaking will be made available to the successful bidder by electronic transmission prior to the delivery of the 2017 Bonds and will be included in the transcript of proceedings relating to the issuance of the 2017 Bonds.

DISCLOSURE INFORMATION

The Preliminary Official Statement is “deemed final” (except for permitted omissions) by the City in accordance with SEC Rule 15c2-12 and is available only on AICAuction at www.aicauction.com. The Official Bid Form is also available only on AICAuction at www.aicauction.com. Questions concerning the Preliminary Official Statement may be addressed to Brandon Kauffman, Finance Director, City of Lincoln, Nebraska, 555 South 10th Street, Lincoln, Nebraska 68508, (bkauffman@lincoln.ne.gov), or to the municipal advisor with respect to the 2017 Bonds, Ameritas Investment Corp., 390 N. Cotner Blvd., Lincoln, Nebraska, 68505, (402) 467-6948, Attention: Scott Keene (skeene@ameritas.com), before a bid is submitted. Any questions concerning AICAuction should be directed to MuniAuction, Inc. at (412) 391-5555, extension 370 (auction support).

THE CITY OF LINCOLN, NEBRASKA

By: /s/ Brandon Kauffman
Finance Director

EXHIBIT A
OFFICIAL BID FORM

\$13,545,000*
THE CITY OF LINCOLN, NEBRASKA
SANITARY SEWER REVENUE AND REFUNDING BONDS,
SERIES 2017

The City of Lincoln, Nebraska
555 South 10th Street
Lincoln, Nebraska 68508

September 13, 2017

Ladies and Gentlemen:

On behalf of the undersigned and any underwriting syndicate which we have formed and lead, and in accordance with the terms and conditions of the attached Official Notice of Sale, dated _____, 2017 which is hereby made a part of this proposal, we offer to purchase all of the \$13,545,000* aggregate principal of the above-referenced Sanitary Sewer Revenue and Refunding Bonds, Series 2017 (the **“2017 Bonds”**). We will pay as the purchase price thereof, the aggregate sum of _____ Dollars (\$_____) ⁽¹⁾, in immediately available Federal Funds. The 2017 Bonds will be dated the date of delivery thereof, bear interest from such date payable June 15 and December 15 of each year, beginning December 15, 2017, until maturity or prior redemption. The 2017 Bonds shall mature on June 15 in the years and be subject to mandatory sinking fund redemption (if a Term Bond is specified by the bidder) in the amounts as stated in the schedule under the heading **“FORM, MATURITY AND PAYMENT OF 2017 BONDS”** in the Notice of Sale, and bear interest at the respective interest rates per annum, as shown on the attached page.

2017 Bonds of any maturities may be designated as Term Maturities; provided, however, that no more than one Term Bond may be specified in any bid.

The principal installments for the 2017 Bonds indicated above, shall be applied for the mandatory retirement of up to one Term Bond in the year and amount and bearing interest as follows:

\$_____ Term Bonds maturing on _____, 20__ at _____% per annum to yield _____% per annum.

Subject to your acceptance of our Official Bid, we agree to make a bona fide public offering of all the 2017 Bonds at yields not lower than those set forth in the above maturity schedule. Our calculation, made as provided in the Official Notice of Sale, of the true interest cost to the City is _____. This estimate is for information purposes only and is not binding on the City or the undersigned.

* Preliminary, subject to change.

In accordance with the Official Notice of Sale, \$135,450 will be wired to the City by 2:00 p.m., Eastern Time, on September 14, 2017 (the **“Deposit”**). The Deposit will be applied or returned in accordance with the provisions of the Official Notice of Sale.

It shall be a condition of our obligation as the successful bidder to accept delivery of, and pay for, the 2017 Bonds that, contemporaneously with, or before accepting, the 2017 Bonds and paying for them, we shall receive the Closing Documents specified in the Official Notice of Sale.

We hereby acknowledge receipt of the Preliminary Official Statement for the 2017 Bonds “deemed final” (except for permitted omissions) by the City. We hereby request that an electronic copy of the Official Statement (and any supplement thereto) be furnished to us in accordance with the Official Notice of Sale.

[We further acknowledge that we have been informed by the City that the “competitive sale requirements” (as defined in the Official Notice of Sale) have not been met, and that the provisions set forth in Sections 2 through Section 4 under “CERTIFICATION AS TO ISSUE PRICE” in the Official Notice of Sale must be satisfied.]

We agree to provide a list of all syndicate members by facsimile transmission upon notification of our successful bid. Receipt of such list shall be a condition precedent to the award of the 2017 Bonds.

It is understood and agreed that an award will be made for all or none of the 2017 Bonds and that the aggregate principal amount of the 2017 Bonds and our purchase price as bid may be adjusted as provided in the Official Notice of Sale, the terms of which are incorporated herein by reference.

If the foregoing is acceptable to you, please signify by signing and returning a copy of this Official Bid Form to the undersigned bidder whereupon it will become a binding agreement between us.

Respectfully submitted,

Bidder

By: _____

Accepted and agreed to September 13, 2017

THE CITY OF LINCOLN, NEBRASKA

By: _____
Finance Director

(No addition or alteration, except as provided above, is to be made to this Official Bid Form and it must not be detached from the attached Official Notice of Sale.)