

**NOTICE OF SALE
AND
BIDDING INSTRUCTIONS**

ON

**\$78,105,000 ⁽¹⁾
McKINNEY INDEPENDENT SCHOOL DISTRICT
(Collin County, Texas)
UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2016A**

Scaled Bids Due August 4, 2016, at 10:00 AM, CDT

THE BONDS WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

THE SALE

BONDS OFFERED FOR SALE AT COMPETITIVE BIDDING . . . The McKinney Independent School District (the "District") is offering for sale its \$78,105,000 ⁽¹⁾ Unlimited Tax School Building Bonds, Series 2016A (the "Bonds"). Bidders may submit bids for the Bonds by any of the following methods:

- (1) Deliver bids directly to the District as described below in "Bids Delivered to the District;"
- (2) Submit bids electronically as described below in "Electronic Bidding Procedures;" or
- (3) Submit bids by telephone or facsimile as described below in "Bids by Telephone or Facsimile."

BIDS DELIVERED TO DISTRICT . . . Sealed bids, plainly marked "Bid for Bonds," should be addressed to "President and Board of Trustees, McKinney Independent School District," and should be delivered to FirstSouthwest, a Division of Hilltop Securities Inc. ("FirstSouthwest"), the District's Financial Advisor at 777 Main Street, Suite 1200, Fort Worth, Texas 76102, prior to 10:00 AM, CDT, on the date of the sale.

ELECTRONIC BIDDING PROCEDURE . . . Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. Subscription to i-Deal's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. The District will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. Bidders submitting an electronic bid shall not be required to submit Official Bid Forms prior to award.

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 Sale and Bidding Instructions, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the District. The District shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of the Notice of Sale and Bidding Instructions shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Notice of Sale and Bidding Instructions shall control. Further information about PARITY, including any fee charged, may be obtained from Parity Customer Support, 40 West 23rd Street, 5th Floor, New York, New York 10010, (212) 404-8102.

For purposes of the bidding process, regardless of the bidding method, the time as maintained by i-Deal shall constitute the official time. **For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the District, as described under "Basis for Award" below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale and Bidding Instructions and the Official Bid Form. The winning bidder shall submit a signed bid form if not previously submitted.**

BIDS BY TELEPHONE OR FACSIMILE . . . Bidders must submit, prior to August 4, 2016, SIGNED Official Bid Forms to David Medanich, FirstSouthwest, 777 Main Street, Suite 1200, Fort Worth, Texas 76102, and submit their bid by telephone or facsimile (fax) on the date of the sale.

Telephone bids will be accepted at (817) 332-9710, between 9:00 AM, CDT and 10:00 AM, CDT on the date of the sale.

FirstSouthwest assumes no responsibility or liability with respect to any irregularities associated with the submission of bids if any options are exercised.

The Financial Advisor, acting on behalf of the District, shall accept bids up to the time specified in the notice as hereinbefore described.

Fax bids will be received between 9:00 AM, CDT and 10:00 AM, CDT, on the date of the sale at (817) 336-5572, attention: Rhonda Van Iderstine.

(1) Preliminary, subject to change. See "Adjustment of Principal Amounts and/or Types of Bids" herein.

FirstSouthwest will not be responsible for submitting any bids received after the above deadlines.

The District and FirstSouthwest are not responsible if such telephone or facsimile numbers are busy which prevents a bid or bids from being submitted on a timely basis.

PLACE AND TIME OF BID OPENING . . . The bids for the Bonds will be publicly opened and read at the offices of the Financial Advisor, at 10:00 AM, CDT, August 4, 2016.

AWARD OF THE BONDS . . . On June 21, 2016, the Board of Trustees adopted an order authorizing the Bonds and approving the Preliminary Official Statement (the "Bond Order"). In the Bond Order, the Board of Trustees delegated pricing of the Bonds, and certain other matters, to a "Pricing Officer" who will execute a "Pricing Certificate" on the date of the bid opening to award the sale of the Bonds, or will reject all bids.

THE BONDS

DESCRIPTION . . . The Bonds will be dated August 1, 2016 (the "Dated Date"). Interest will accrue from the date of delivery (the "Delivery Date") and will be due on February 15, 2017, and each August 15 and February 15 thereafter until the earlier of maturity or prior redemption. The Bonds will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity. The Bonds will mature on February 15 in each year as follows:

MATURITY SCHEDULE*

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2017	\$ 5,635,000	2024	\$ 3,160,000	2030	\$ 4,020,000
2018	3,015,000	2025	3,275,000	2031	4,225,000
2019	3,105,000	2026	3,410,000	2032	4,445,000
2020	3,200,000	2027	3,550,000	2033	4,670,000
2021	3,300,000	2028	3,695,000	2034	4,910,000
2022	2,980,000	2029	3,845,000	2035	5,165,000
2023	3,070,000			2036	5,430,000

OPTIONAL REDEMPTION . . . The District reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2027, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2026, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption.

ADJUSTMENT OF PRINCIPAL AMOUNTS AND/OR TYPES OF BIDS . . . Prior to 3:00 PM, CDT on the day before the bids are due, the District may, in its sole discretion, adjust the principal amount set forth above (the "Maturity Schedule") and/or the type of bid required on the Bonds. FirstSouthwest, as Financial Advisor to the District, will give notice of any such adjustment by Bloomberg and Parity. Should such adjustments be made, a revised Official Bid Form will be made available through i-Deal Prospectus and PARITY. For purposes of this paragraph, the term "Maturity Schedule" shall include any adjustments to the principal amounts shown above including the total par amount so made by the District by posting a Parity and Bloomberg Wire. Also see "Conditions of the Sale" herein.

After final computation of the Bids, in awarding the sale to the best bidder, the District may determine, in its sole discretion, that the funds necessary to carry out the purposes for which the Bonds are to be issued may be either more or less than the proceeds of the proposed sale of all of the Bonds. Upon making such determination, the District reserves the right to adjust the principal amount of the Bonds (including amortization installments in the case of Term Bonds, if any) shown on the Maturity Schedule, such amount not to exceed 15% per maturity. **THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE REVISED AMOUNTS WITHIN THESE LIMITS.** The dollar amount bid by the successful bidder will be adjusted to reflect changes in the aggregate principal amounts of the Bonds. Such adjusted bid price will reflect changes in the dollar amount of the underwriter's discount and the original issue discount/premium, if any, but will not change the selling compensation per \$1,000.

In the event of any adjustment of the maturity schedule for the Bonds as described herein, no rebidding or recalculation of the proposals submitted will be required or permitted. Any such adjustment of the aggregate principal amount of the Bonds and/or the maturity schedule for the Bonds made by the District or its Financial Advisor shall be subsequent to the award of the Bonds to the winning bidder as determined pursuant to "Conditions of the Sale – Basis for Award" herein and shall not affect such determination. The successful Bidder may not withdraw its bid as a result of any changes made within the aforementioned limits.

* Preliminary, subject to change. See "Adjustment of Principal Amounts and/or Types of Bids" herein.

SERIAL BONDS AND/OR TERM BONDS . . . Bidders may provide that all of the Bonds be issued as serial Bonds or may provide that any two or more consecutive annual principal amounts be combined into one or more term Bonds.

MANDATORY SINKING FUND . . . If the successful bidder elects to alter the Maturity Schedule reflected above and convert principal amounts of the Serial Bonds into "Term Bonds", such "Term Bonds" shall be subject to mandatory redemption on the first February 15 next following the last maturity for Serial Bonds, and annually thereafter on each February 15 until the stated maturity for the Term Bonds at the redemption prices of par plus accrued interest to the date of redemption. The principal amounts of the Term Bonds to be redeemed on each mandatory redemption date shall be the principal amounts that would have been due and payable in the Maturity Schedule shown above had no conversion to Term Bonds occurred. At least thirty (30) days prior to each mandatory redemption date, the Paying Agent/Registrar shall select by lot the Term Bonds to be redeemed and cause a notice of redemption to be given in the manner provided in the Preliminary Official Statement.

The principal amount of the Term Bonds required to be redeemed pursuant to the operation of such mandatory redemption provisions may be reduced, at the option of the District, by the principal amount of the Term Bonds of the same maturity which (i) shall have been acquired by the District at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation or (ii) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

A final official statement will incorporate the mandatory redemption provisions for the Bonds in the event the successful bidder elects to convert serial maturities into one or more Term Bonds.

BOOK-ENTRY-ONLY SYSTEM . . . The District intends to utilize the Book-Entry-Only System of The Depository Trust Company ("DTC"). See "The Obligations - Book-Entry-Only System" in the Preliminary Official Statement.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar shall be The Bank of New York Mellon Trust Company, National Association (see "The Obligations - Paying Agent/Registrar" in the Preliminary Official Statement).

SOURCE OF PAYMENT . . . The Bonds are direct and voted obligations of the District, with the principal thereof and interest thereon payable from the proceeds of a continuing, direct annual ad valorem tax on all taxable property located within the District, without legal limit as to rate or amount, as provided in the Order (see "State and Local Funding of School Districts in Texas" in the Official Statement). Additionally, the District has received conditional approval for the payment of the Bonds to be guaranteed by the corpus of the Permanent School Fund of Texas.

Further details regarding the Bonds are set forth in the Preliminary Official Statement.

CONDITIONS OF THE SALE

TYPE OF BIDS AND INTEREST RATES . . . **The Bonds will be sold in one block on an "All or None" basis, and at a price of 115.61% of their principal amount.** Bidders are invited to name the rate(s) of interest to be borne by the Bonds, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/100 of 1% and the net effective interest rate must not exceed 15%. The highest rate bid may not exceed the lowest rate bid by more than 2.5% in rate. **The maximum coupon rate allow is 5%. For Bonds having stated maturities on and after February 15, 2027, no reoffering yield producing a dollar price less than 98.00 for any individual maturity will be accepted. The high bidder will be required to submit reoffering yields and dollar prices prior to award.** No limitation is imposed upon bidders as to the number of rates or changes which may be used. All Bonds of one maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered. Each bidder shall state in the bid the total interest cost in dollars and the effective interest rate determined thereby (calculated in the manner prescribed by Chapter 1204, Texas Government Code), which shall be considered informative only and not as a part of the bid.

BASIS FOR AWARD . . . The sale of the Bonds will be awarded to the bidder making a bid that conforms to the specifications herein and which produces the lowest True Interest Cost rate to the District. The True Interest Cost rate is that rate which, when used to compute the total present value as of the Delivery Date of all debt service payments on the Bonds on the basis of semi-annual compounding, produces an amount equal to the sum of the par value of the Bonds plus any premium bid. In the event of a bidder's error in interest cost rate calculations, the interest rates, and premium, if any, set forth in the Official Bid Form will be considered as the official bid.

GOOD FAITH DEPOSIT . . . A Good Faith Deposit, payable to the "McKinney Independent School District", in the amount of \$1,562,100.00, is required. Such Good Faith Deposit shall be a bank cashier's check or certified check, which is to be retained uncashed by the District pending the Initial Purchaser's compliance with the terms of the bid and the Notice of Sale and Bidding Instructions. The Good Faith Deposit may accompany the Official Bid Form or it may be submitted separately. If submitted separately, it shall be made available to the District prior to the opening of the bids, and shall be accompanied by instructions from the bank on which drawn which authorize its use as a Good Faith Deposit by the Initial Purchaser who shall be named in such instructions. **The Good Faith Deposit of the Initial Purchaser will be returned to the Initial Purchaser upon payment for the Bonds.** No interest will be allowed on the Good Faith Deposit. In the event the Initial Purchaser should fail or refuse to take up and pay for the Bonds in accordance with the bid, then said check shall be cashed and accepted by the District as full and complete liquidated damages. The checks accompanying bids other than the winning bid will be returned immediately after the bids are opened, and an award of the Bonds has been made.

PROVISION OF TEXAS ETHICS COMMISSION FORM 1295 ("TEC FORM 1295") AND CERTIFICATION OF FILING BY BIDDERS . . . Pursuant to Texas Government Code §2252.908 (the "Interested Party Disclosure Act"), the District may not award the Bonds to a bidder unless the bidder has provided to the District a TEC Form 1295 and a Certification of Filing as generated by the Texas Ethics Commission (the "TEC"). Pursuant to the rules prescribed by the TEC, the TEC Form 1295 must be completed online through the TEC's website at <https://www.ethics.state.tx.us/tec/1295-Infor.htm>. The TEC Form 1295 must then be printed, signed and notarized and provided to the District (c/o the District's Financial Advisor, FirstSouthwest, a Division of Hilltop Securities, Inc. Attn: Rhonda Van Iderstine, rhonda.vaniderstine@hilltopsecurities.com) along with Certification of Filing generated by TEC. In the event that the bidder's bid for the Bonds is the best bid received, the District, acting through its financial advisor, will promptly notify the bidder. That notification will serve as the conditional verbal acceptance of the bid, and will obligate the bidder to file promptly a completed TEC Form 1295, in order to complete the award. **TEC Form 1295 must be received by the District prior to the formal acceptance of the winning bid.** The TEC Form 1295 and Bond of Filing may be provided to the District via facsimile or electronically, however, the original signed and notarized TEC Form 1295 and Certification of Filing must be physically delivered to the District (Attn: Jason Bird, McKinney Independent School District, 1 Duvall Street, McKinney, Texas 750169) within two business days of the award. Following the award of the Bonds, the District will notify the TEC of the receipt of each completed TEC Form 1295 and Certification of Filing. The District reserves the right to reject any bid that does not comply with the requirements prescribed herein. For purposes of completing the TEC Form 1295, box two is the District's formal name and box 3 is 201600003. Neither the District nor its consultants have the ability to verify the information included in a TEC Form 1295, and neither have an obligation nor undertake responsibility for advising any bidder with respect to the proper completion of the TEC Form 1295. Consequently, an entity intending to bid on the Bonds should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the District that its bid is the apparent winning bid.

DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS

CUSIP NUMBERS . . . It is anticipated that CUSIP identification numbers will appear on the Bonds, but neither the failure to print or type such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Initial Purchaser to accept delivery of and pay for the Bonds in accordance with the terms of this Notice of Sale and Bidding Instructions and the terms of the Official Bid Form. All expenses in relation to the printing or typing of CUSIP numbers on the Bonds shall be paid by the District; provided, however, that the CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the Initial Purchaser.

DELIVERY OF BONDS . . . Initial Delivery will be accomplished by the issuance of one Initial Bond (also called the "Bond" or "Bonds"), either in typed or printed form, in the aggregate principal amount of \$78,105,000*, payable in stated installments to the Initial Purchaser or its designee, signed by the President and Secretary, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts. Upon delivery of the Initial Bond, it shall be immediately cancelled and one definitive Bond for each maturity will be registered and delivered only to Cede & Co., and deposited with DTC in connection with DTC's Book-Entry-Only System. Delivery will be at the corporate trust office of the Paying Agent/Registrar in Dallas, Texas. Payment for the Bonds must be made in immediately available funds for unconditional credit to the District, or as otherwise directed by the District. The Initial Purchaser will be given six business days' notice of the time fixed for delivery of the Bonds. It is anticipated that delivery of the Bonds can be made on or about August 31, 2016, and it is understood and agreed that the Initial Purchaser will accept delivery and make payment for the Bonds by 10:00 AM, CDT, on August 31, 2016, or thereafter on the date the Bond is tendered for delivery, up to and including September 14, 2016. If for any reason the District is unable to make delivery on or before September 14, 2016, the District shall immediately contact the Initial Purchaser and offer to allow the Initial Purchaser to extend its offer for an additional thirty days. If the Initial Purchaser does not elect to extend its offer within six days thereafter, then its Good Faith Deposit will be returned, and both the District and the Initial Purchaser shall be relieved of any further obligation. In no event shall the District be liable for any damages by reason of its failure to deliver the Bonds, provided such failure is due to circumstances beyond the District's reasonable control.

CONDITIONS TO DELIVERY . . . The obligation of the Initial Purchaser to take up and pay for the Bonds is subject to the Initial Purchaser's receipt of (a) the legal opinion of Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel for the District ("Bond Counsel"), (b) the no-litigation certificate, and (c) the certification as to the Official Statement, all as further described in the Preliminary Official Statement.

In order to provide the District with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986 relating to the exemption of interest on the Bonds from the gross income of their owners, the Initial Purchaser will be required to complete, execute, and deliver to the District (on or before the 6th business day prior to the delivery of the Bonds) a certification as to their "issue price" substantially in the form and to the effect attached hereto or accompanying this Notice of Sale and Bidding Instructions. In the event the successful bidder is unable to sell a substantial amount of the Bonds of any maturity to the public, such certificate may be modified in a manner approved by the District. **In no event will the District fail to deliver the Bonds as a result of the Initial Purchaser's inability to sell a substantial amount of the Bonds at a particular price prior to delivery.** Each bidder, by submitting its bid, agrees to complete, execute, and deliver such a certificate on or before the 6th business day prior to the date of delivery of the Bonds, if its bid is accepted by the District. It will be the responsibility of the Initial Purchaser to institute such syndicate reporting requirements to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel.

* Preliminary, subject to change. See "Adjustment of Principal Amounts and/or Types of Bids" herein.

In order to provide the District and its consultants with information required to be submitted to the Texas Bond Review Board pursuant to Section 1202.008, Texas Government Code, as amended, the Initial Purchaser will be required to provide the District (on or before the 10th business day prior to the delivery of the Bonds) with a breakdown of its "underwriting spread" among the following categories: Takedown, Management Fee (if any), Legal Counsel Fee (if any) and Spread Expenses (if any).

LEGAL OPINIONS . . . The Bonds are offered when, as and if issued, subject to the approval of the Attorney General of the State of Texas. Delivery of and payment for the Bonds is subject to the receipt by the Initial Purchaser of opinions of Bond Counsel, to the effect that the Bonds are valid and binding obligations of the District and that the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "Tax Matters" in the Preliminary Official Statement, including alternative minimum tax consequences for corporations.

CERTIFICATION OF OFFICIAL STATEMENT . . . At the time of payment for and Initial Delivery of the Bonds, the District will execute and deliver to the Initial Purchaser a certificate in the form set forth in the Preliminary Official Statement.

CHANGE IN TAX EXEMPT STATUS . . . At any time before the Bonds are tendered for delivery, the Initial Purchaser may withdraw its bid if the interest received by private holders on obligations of the same type and character shall be declared to be includable in gross income under present federal income tax laws, either by ruling of the Internal Revenue Service or by a decision of any Federal court, or shall be declared taxable or be required to be taken into account in computing any federal income taxes, by the terms of any federal income tax law enacted subsequent to the date of this Notice of Sale and Bidding Instructions.

GENERAL

FINANCIAL ADVISOR . . . FirstSouthwest is employed as Financial Advisor to the District in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. FirstSouthwest, in its capacity as Financial Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. In the normal course of business, the Financial Advisor may from time to time sell investment securities to the District for the investment of bond proceeds or other funds of the District upon the request of the District.

BLUE SKY LAWS . . . By submission of its bid, the Initial Purchaser represents that the sale of the Bonds in states other than Texas will be made only pursuant to exemptions from registration or, where necessary, the Initial Purchaser will register the Bonds in accordance with the securities law of the states in which the Bonds are offered or sold. The District agrees to cooperate with the Initial Purchaser, at the Initial Purchaser's written request and expense, in registering the Bonds or obtaining an exemption from registration in any state where such action is necessary, provided, however, that the District shall not be obligated to qualify as a foreign corporation or to execute a general or special consent to service of process in any such jurisdiction.

NOT AN OFFER TO SELL . . . This Notice of Sale and Bidding Instructions does not alone constitute an offer to sell the Bonds, but is merely notice of the sale of the Bonds. The offer to sell the Bonds is being made by means of the Notice of Sale and Bidding Instructions, the Official Bid Form and the Preliminary Official Statement. Prospective purchasers are urged to carefully examine the Preliminary Official Statement to determine the investment quality of the Bonds.

ISSUANCE OF ADDITIONAL DEBT . . . The District anticipates the issuance of additional debt in August of 2017.

RATINGS . . . The District received conditional approval from the Texas Education Agency for the Bonds to be guaranteed by the Permanent School Fund of the State. By virtue of such guarantee the Bonds are expected to be rated "Aaa" by Moody's Investors Service, Inc. ("Moody's") and "AAA" by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), as Moody's and S&P generally rates all bond issues guaranteed by the Permanent School Fund of the State of Texas "Aaa" and "AAA", respectively. The presently outstanding tax debt of the District issued without credit support is rated "Aa2" by Moody's and "AA" by S&P. The District also has issues outstanding which are rated "Aaa" by Moody's and "AAA" by S&P by virtue of the guarantee of the Permanent School Fund of the State of Texas.

THE PRELIMINARY OFFICIAL STATEMENT AND COMPLIANCE WITH SEC RULE 15c2-12 . . . The District has prepared, or caused to be prepared, the accompanying Official Statement and, for the limited purpose of complying with SEC Rule 15c2-12, deems such Official Statement to be final as of its date within the meaning of such Rule for the purpose of review prior to bidding. To the best knowledge and belief of the District, the Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Bonds. Representations made and to be made by the District concerning the absence of material misstatements and omissions in the Official Statement are addressed elsewhere in this Notice of Sale and Bidding Instructions and in the Official Statement.

The District will furnish to the Initial Purchaser, acting through a designated senior representative, in accordance with instructions received from the Purchaser, within seven (7) business days from the sale date an aggregate of 20 copies of the Official Statement reflecting interest rates and other terms relating to the initial reoffering of the Bonds. The cost of any Official Statement in excess of the number specified shall be prepared and distributed at the cost of the Initial Purchaser. The Purchaser shall be responsible for

providing in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award. Except as noted above, the District assumes no responsibility or obligation for the distribution or delivery of any copies of the Official Statement in connection with the offering or reoffering of the Bonds.

CONTINUING DISCLOSURE AGREEMENT . . . The District will agree in the Bond Order to provide certain periodic information and notices of events in accordance with Securities and Exchange Commission Rule 15c2-12, as described in the Preliminary Official Statement under "Continuing Disclosure of Information". The Initial Purchaser's obligation to accept and pay for the Bonds is conditioned upon delivery to the Initial Purchaser or agent of a certified copy of the Bond Order containing the agreement described under such heading.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the District believes it has complied in all material respects with all continuing disclosure agreements made by it in accordance with SEC Rule 15c2-12.

ADDITIONAL COPIES OF NOTICE, BID FORM AND STATEMENT . . . A limited number of additional copies of this Notice of Sale and Bidding Instructions, the Official Bid Form and the Preliminary Official Statement, as available over and above the normal mailing, may be obtained at the offices of FirstSouthwest, a Division of Hilltop Securities Inc., 777 Main Street, Suite 1200, Fort Worth, Texas 76102, Financial Advisor to the District.

On the date of the sale, the District will, through its delegation to the Pricing Officer, in the Pricing Certificate, confirm its approval of the form and content of the Preliminary Official Statement, and any addenda, supplement or amendment thereto, and authorize its use in the reoffering of the Bonds by the Initial Purchaser.

PRICING OFFICER
McKinney Independent School District

July 26, 2016

BOND YEARS*

<u>Bonds Maturing</u>	<u>Amount</u>	<u>Bond Years</u>	<u>Accumulated Bond Years</u>	<u>Bonds Maturing</u>
2017	\$ 5,635,000	2,582.708	2,582.708	2017
2018	3,015,000	4,396.875	6,979.583	2018
2019	3,105,000	7,633.125	14,612.708	2019
2020	3,200,000	11,066.667	25,679.375	2020
2021	3,300,000	14,712.500	40,391.875	2021
2022	2,980,000	16,265.833	56,657.708	2022
2023	3,070,000	19,827.083	76,484.792	2023
2024	3,160,000	23,568.333	100,053.125	2024
2025	3,275,000	27,701.042	127,754.167	2025
2026	3,410,000	32,252.917	160,007.083	2026
2027	3,550,000	37,127.083	197,134.167	2027
2028	3,695,000	42,338.542	239,472.708	2028
2029	3,845,000	47,902.292	287,375.000	2029
2030	4,020,000	54,102.500	341,477.500	2030
2031	4,225,000	61,086.458	402,563.958	2031
2032	4,445,000	68,712.292	471,276.250	2032
2033	4,670,000	76,860.417	548,136.667	2033
2034	4,910,000	85,720.417	633,857.083	2034
2035	5,165,000	95,337.292	729,194.375	2035
2036	5,430,000	105,658.750	834,853.125	2036

Average Maturity 10.689 Years

* Preliminary, subject to change. See "Adjustment of Principal Amounts and/or Types of Bids" herein.

OFFICIAL BID FORM

Honorable President and Board of Trustees
McKinney Independent School District

August 4, 2016

Members of the Board of Trustees:

Reference is made to your Preliminary Official Statement and Notice of Sale and Bidding Instructions, dated July 26, 2016 of \$78,105,000* McKINNEY INDEPENDENT SCHOOL DISTRICT UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2016A, both of which constitute a part hereof.

For your legally issued Bonds, as described in said Notice of Sale and Bidding Instructions and Preliminary Official Statement, we will pay you par plus a cash premium of \$12,192,190.50 for Bonds maturing and bearing interest as follows:

Maturity	Principal Amount	Interest Rate	Maturity	Principal Amount	Interest Rate	Maturity	Principal Amount	Interest Rate
2/15/2017	\$ 5,635,000	%	2/15/2024	\$ 3,160,000	%	2/15/2030	\$ 4,020,000	%
2/15/2018	3,015,000	%	2/15/2025	3,275,000	%	2/15/2031	4,225,000	%
2/15/2019	3,105,000	%	2/15/2026	3,410,000	%	2/15/2032	4,445,000	%
2/15/2020	3,200,000	%	2/15/2027	3,550,000	%	2/15/2033	4,670,000	%
2/15/2021	3,300,000	%	2/15/2028	3,695,000	%	2/15/2034	4,910,000	%
2/15/2022	2,980,000	%	2/15/2029	3,845,000	%	2/15/2035	5,165,000	%
2/15/2023	3,070,000	%				2/15/2036	5,430,000	%

Of the principal maturities set forth in the table above, term bonds have been created as indicated in the following table (which may include multiple term bonds, one term bond or no term bond if none is indicated). For those years which have been combined into a term bond, the principal amount shown in the table above shall be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the term bond maturity date shall mature in such year. The term bonds created are as follows:

Maturity Date	Redemption Date	Principal Amount	Interest Rate
February 15		\$	%
		\$	%
		\$	%
		\$	%
		\$	%
		\$	%

Our calculation (which is not a part of this bid) of the true interest cost from the above is:

TRUE INTEREST COST _____ %

The Initial Bond shall be registered in the name of _____, which will, upon payment for the Bonds, be canceled by the Paying Agent/Registrar. The definitive Bonds will then be registered in the name of Cede & Co. (DTC's partnership nominee), under the Book-Entry-Only System.

A bank cashier's check or certified check of the _____ Bank, _____, in the amount of \$1,562,100.00, which represents our Good Faith Deposit (is attached hereto) or (has been made available to you prior to the opening of this bid), and is submitted in accordance with the terms as set forth in the Preliminary Official Statement and Notice of Sale and Bidding Instructions.

* Preliminary, subject to change. See "Adjustment of Principal Amounts and/or Types of Bids" herein.

We agree to accept delivery of the Bonds utilizing the Book-Entry-Only System through DTC and make payment for the Initial Bond in immediately available funds in the Corporate Trust Division, The Bank of New York Mellon Trust Company, National Association, not later than 10:00 AM, CDT, on August 31, 2016, or thereafter on the date the Bonds are tendered for delivery, pursuant to the terms set forth in the Notice of Sale and Bidding Instructions. It will be the obligation of the purchaser of the Bonds to complete the DTC Eligibility Questionnaire.

For purposes of contracting for the purchase of the Bonds, the entity signing the bid form as Purchaser shall be solely responsible for the payment of the purchase price of the Bonds. The Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the District is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

Upon notification of conditional verbal acceptance, the undersigned will complete an electronic form of the Certificate of Interested Parties Form 1295 (the "Disclosure Form") through the Texas Ethics Commission's (the "TEC") electronic portal and the resulting certified Disclosure Form that is generated by the TEC's electronic portal will be printed, signed, notarized sent by email to david.medanich@hilltopsecurities.com, the District's financial advisor. The undersigned understands that the failure to provide the certified Disclosure Form will prohibit the District from providing final written award of the enclosed bid.

The undersigned agrees to complete, execute, and deliver to the District, at least six business days prior to delivery of the Bonds, a certificate relating to the "issue price" of the Bonds in the form and to the effect accompanying the Notice of Sale and Bidding Instructions, with such changes thereto as may be acceptable to the District. The undersigned also agrees to provide the District and its consultants, at least ten business days prior to the delivery of the Bonds, a breakdown of its "underwriting spread" among the following categories: Takedown, Management Fee (if any), Legal Counsel Fee (if any) and Spread Expenses (if any).

We agree to provide in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award.

Respectfully submitted,

Name of Underwriter or Manager

Authorized Representative

Phone Number

Signature

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by the McKinney Independent School District, subject to and in accordance with the Notice of Sale and Bidding Instructions, this the 4th day of August, 2016.

Pricing Officer
McKinney Independent School District

ISSUE PRICE CERTIFICATE

The undersigned hereby certifies as follows with respect to the sale of the McKinney Independent School District Unlimited Tax School Building Bonds, Series 2016A issued in aggregate principal amount of \$78,105,000*, as follows:

1. The undersigned is the underwriter or manager of the syndicate of underwriters which purchased the Bonds from McKinney Independent School District (the "Issuer") at competitive sale.
2. The undersigned and/or one or more other members of the underwriting syndicate, if any, have made a bona fide offering to the public of all of the Bonds of each maturity at the respective prices set forth below.
3. The initial offering price (expressed as a percentage of principal amount or yield and exclusive of accrued interest) for the Bonds of each maturity at which a substantial amount (at least 10%) of the Bonds of such maturity was sold to the public is as set forth below:

Principal Amount Maturity*	Year of Maturity	Offering Price (%/Yield)	Principal Amount Maturity*	Year of Maturity	Offering Price (%/Yield)
\$ 5,635,000	2017		\$ 3,550,000	2027	
3,015,000	2018		3,695,000	2028	
3,105,000	2019		3,845,000	2029	
3,200,000	2020		4,020,000	2030	
3,300,000	2021		4,225,000	2031	
2,980,000	2022		4,445,000	2032	
3,070,000	2023		4,670,000	2033	
3,160,000	2024		4,910,000	2034	
3,275,000	2025		5,165,000	2035	
3,410,000	2026		5,430,000	2036	

4. The term "public," as used herein, means persons other than bondhouses, brokers, dealers, and similar persons or organizations acting in the capacity of underwriters or wholesalers.
5. The offering prices described above reflect current market prices at the time of such sales.
6. The undersigned understands that the statements made herein will be relied upon by the Issuer in its effort to comply with the conditions imposed by the Internal Revenue Code of 1986, on the excludability of interest on the Bonds from the gross income of their owners.

EXECUTED and DELIVERED this ____ day of _____, 2016.

(Name of Underwriter or Manager)

By: _____

Title: _____

* Preliminary, subject to change. See "Adjustment of Principal Amounts and/or Types of Bids" herein.