FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY

****

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
LIMITED CONTRACT TAX
AND SUBORDINATE LIEN TOLL ROAD REVENUE BONDS
SERIES 2012

****

$155,085,000

****

ALLEN BOONE HUMPHRIES ROBINSON LLP
BOND COUNSEL

INDEX

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
$155,085,000 Limited Contract Tax and
Subordinate Lien Toll Road Revenue Bonds, Series 2012

CLOSING TRANSCRIPT INDEX

1. Limited Contract Tax and Subordinate Lien Toll Road Revenue Bond Trust Indenture
2. First Supplemental Limited Contract Tax and Subordinate Lien Toll Road Revenue Bond Trust Indenture
3. Bond Purchase Agreement
4. Preliminary Official Statement
5. Official Statement
6. County Order Authorizing the Issuer to Issue the $155,085,000 Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012
7. Issuer Resolution Authorizing the Issuance of the Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012
8. General Certificate of the Issuer
9. General Certificate of the County
10. Letter from the Issuer and Signature Identification and No-Litigation Certificate of Issuer
11. Joint Project Agreement.

CLOSING DOCUMENTS

12. Closing Memorandum
13. Letter of Instruction to Authenticate and Deliver Bonds
14. Certificate as to Authorized Signatures
15. Trustee's Certificate as to Receipt of Documents and Funds

16. Receipt and No-Litigation Certificate

17. Closing Certificate of the Issuer

18. Federal Tax Certificate

19. IRS Form 8038G

20. Specimen Bond.

21. Rating Letters

LEGAL OPINIONS

22. Opinion of Attorney General & Comptroller's Registration Certificate

23. Approving Opinion of Bond Counsel

24. Supplemental Opinion of Bond Counsel

25. Opinion of Underwriters' Counsel

26. Opinion of County Attorney

LIMITED CONTRACT TAX AND SUBORDINATE LIEN TOLL ROAD REVENUE BOND TRUST INDENTURE

BETWEEN

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY

AND

WELLS FARGO BANK, N.A., TRUSTEE

Dated July 1, 2012

TRUST INDENTURE

TABLE OF CONTENTS

Page

Recitals 1

ARTICLE I - DEFINITIONS, STATUTORY AUTHORITY AND INTERPRETATION 2

SECTION 101. Definitions 2

SECTION 102. Authority for this Indenture 16

SECTION 103. Recitals; Table of Contents; Titles and Headings 16

SECTION 104. Interpretation 17

ARTICLE II - SECURITY OF THE BONDS 17

SECTION 201. Granting Clauses 17

SECTION 202. Time of Pledge; Delivery of Trust Estate 19

SECTION 203. Payment of Contract Tax Revenues 19

SECTION 204. Declaration 21

ARTICLE III - AUTHORIZATION AND ISSUANCE OF BONDS, GENERAL TERMS AND PROVISIONS OF THE BONDS 21

SECTION 301. Authorization of Bonds 21

SECTION 302. Provisions for Issuance of Bonds 21

SECTION 303. Application of Bond Proceeds 24

SECTION 304. Medium of Payment; Form and Date; Letters and Numbers 24

SECTION 305. Legends 25

SECTION 306. Execution, Authentication and Registration 25

SECTION 307. Negotiability, Transfer and Registry 27

SECTION 308. Regulations with Respect to Exchanges and Transfers 27

SECTION 309. Bonds; Mutilated, Destroyed, Stolen or Lost 28

SECTION 310. Temporary Bonds 28

SECTION 311. Cancellation and Destruction of Bonds 29

ARTICLE IV - REDEMPTION OF BONDS 29

SECTION 401. Privilege of Redemption and Redemption Price 29

SECTION 402. Defeasance 29

ARTICLE V - ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF 29
SECTION 501. The Pledge Effected by this Indenture 29
SECTION 502. Establishment of Funds 30
SECTION 503. Flow of Funds 31
SECTION 504. Construction Fund 32
SECTION 505. Tax Fund 33
SECTION 506. Subordinate Lien Debt Service Fund 33
SECTION 507. Revenue Fund-Operation and Maintenance Expenses 34
SECTION 508. County: Reimbursement Fund 34
SECTION 509. Grand Parkway System Improvement Fund 34
SECTION 510. Deficiencies in Funds 34
ARTICLE VI - DEPOSITORIES OF MONEYS, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS 35
SECTION 601. Depositories 35
SECTION 602. Deposits and Transfers 35
SECTION 603. Investment of Certain Funds 36
SECTION 604. Valuation and Sale of Investments 37
ARTICLE VII - OTHER OBLIGATIONS 37
SECTION 701. Senior Indebtedness 37
SECTION 702. Additional Subordinate Lien Bonds 38
SECTION 703. Parity Notes 38
SECTION 704. Parity Credit Agreements 39
SECTION 705. Parity Contract Obligations 39
SECTION 706. Qualified Hedge Agreements 39
SECTION 707. Junior Lien Bonds 40
SECTION 708. Short Term/Demand Bonds 40
ARTICLE VIII - PARTICULAR COVENANTS OF THE COUNTY 41
SECTION 801. Payment of Bonds 41
SECTION 802. Money for Bond Payments to be Held in Trust 41
SECTION 803. Power to Adopt Indenture. Issue Bonds and Pledge Trust Estate 42

SECTION 804. Toll Plan 42
SECTION 805. Classification of Tolls 43
SECTION 806. Consulting Engineers Reports on Project 43
SECTION 807. Annual Budget 43
SECTION 808. Limitation on Operating and Maintenance Expenses 44
SECTION 809. Accounts and Reports 44
SECTION 810. Construction Contracts 45
SECTION 811. Rules and Regulations; Maintenance of Project 45
SECTION 812. Payment of Lawful Claims 45
SECTION 813. Consulting Engineers; Traffic Engineers 46
SECTION 814. Insurance 46
SECTION 815. General 46
SECTION 816. Further Assurances 46
SECTION 817. Right to Adopt Other General Bond Resolutions and Indentures 46
SECTION 818. Sale or Encumbrance of Project 47
SECTION 819. [intentionally omitted 47
SECTION 820. Contracts with Other Persons 47
ARTICLE IX - DEFAULT AND REMEDIES 47
SECTION 901. Remedies 47
SECTION 902. Events of Default 48
SECTION 903. Notice of Default 48
SECTION 904. Actions by Trustee 49
SECTION 905. Judicial Proceeding 49
SECTION 906. Application of Proceeds 49
SECTION 907. Appointment of Receivers 50
SECTION 908. Trustee May Act Without Possession of Bonds 50
SECTION 909. Trustee as Attorney in Fact 51
SECTION 910. Remedies Not Exclusive 51
SECTION 911. Limitation on Suits 51
SECTION 912. Right of Owners of the Bonds to Direct Proceedings 52
SECTION 913. Restoration of Rights and Remedies 52

SECTION 914. Waiver of Stay or Extension Laws 53
SECTION 915. Delay or Omission Not Waiver 53
SECTION 916. Notice to Owners of the Bonds of Default 53
ARTICLE X - CONCERNING THE FIDUCIARIES 53
SECTION 1001. Trustee; Appointment and Acceptance of Duties 53
SECTION 1002. Paying Agents: Appointment and Acceptance of Duties 53
SECTION 1003. Responsibilities of the Trustee 54
SECTION 1004. Other Matters Related to the Trustee 54
SECTION 1005. Compensation 56
SECTION 1006. Certain Permitted Acts 57
SECTION 1007. Resignation of Trustee 57
SECTION 1008. Removal of Trustee 57
SECTION 1009. Appointment of Successor Trustee 57
SECTION 1010. Transfer of Rights and Property to Successor Trustee 58
SECTION 1011. Merger or Consolidation 59
SECTION 1012. Adoption of Authentication 59
SECTION 1013. Resignation or Removal of Paying Agent and Appointment of Successor 59
ARTICLE XI - SUPPLEMENTAL INDENTURES 60
SECTION 1101. Supplemental Indentures Effective Upon Filing with the Trustee 60
SECTION 1102. Supplemental Indentures Effective Upon Consent of Trustee 61
SECTION 1103. Supplemental Indentures Effective With Consent of Bond owners 62
SECTION 1104. General Provisions 62
ARTICLE XII - AMENDMENTS 63
SECTION 1201. Mailing of Notice 63
SECTION 1202. Powers of Amendment 63
SECTION 1203. Consent of Bondowners 64
SECTION 1204. Modifications by Unanimous Consent 65
SECTION 1205. Exclusion of Bonds 65
SECTION 1206. Notation on Bonds 66

ARTICLE XIII - SUBORDINATION OF BONDS 66
SECTION 1301. Indebtedness of Bonds Subordinate to Senior Indebtedness 66
SECTION 1302. Bankruptcy of County; Notice of Bankruptcy 66
SECTION 1303. Rights of Subrogation to Senior Indebtedness 68
SECTION 1304. Obligations of the County with Respect to Bonds 68
SECTION 1305. Event of Default on Senior Indebtedness 68
SECTION 1306. Tax Fund and Subordinate Lien Debt Service Fund Not Subordinated 69
SECTION 1307. Fiduciaries May Own Senior Indebtedness 69
SECTION 1308. Effectuation of Subordination 70
SECTION 1309. Trustee Not Charged With Event of Default 70
SECTION 1310. Right of Subordination Assured 71
SECTION 1311. No Fiduciary Duty of Trustee 71
ARTICLE XIV - MISCELLANEOUS 71
SECTION 1401. Evidence of Signatures of Bond owners and Ownership of Bonds 71
SECTION 1402. Money Held for Particular Bonds 72
SECTION 1403. Preservation and Inspection of Documents 73
SECTION 1404. Failure to Present Bonds 73
SECTION 1405. Filing of Security Instrument 73
SECTION 1406. Parties Interested Herein 74
SECTION 1407. No Recourse on the Bonds 74
SECTION 1408. No Individual Liability 74
SECTION 1409. Indenture to Constitute Contract 74
SECTION 1410. Notice 75
SECTION 1411. Governing Law 75
SECTION 1412. Severability of Invalid Provisions 75
SECTION 1413. Successors 75
SECTION 1414. Holidays 76
SECTION 1415. Execution in Several Counterparts 76

LIMITED CONTRACT TAX AND SUBORDINATE
LIEN TOLL ROAD REVENUE BOND
TRUST INDENTURE

THE STATE OF TEXAS §
§
COUNTY OF FORT BEND §

This Trust Indenture, (the "Indenture"), dated for convenience of reference as of the 1st day of July, 2012, by and between FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY, a local government corporation created by Fort Bend County, Texas, (the "County") pursuant to Texas Transportation Code, Chapter 431, Subchapter D (the "Authority"), and Wells Fargo Bank, N.A., a national banking association duly organized and existing under the laws of the United States of America (the "Trustee"),

W I T N E S S E T H:

WHEREAS, pursuant to and in accordance with Chapters 284, Texas Transportation Code, as amended, and Chapter 1201, Texas Government Code, as amended (collectively, the "Act"), the County is authorized and empowered, among other things:

(a) to construct, acquire, improve, operate and maintain a causeway, bridge, tunnel, turnpike, highway, or any combination of such facilities, including all necessary overpasses, underpasses, interchanges, entrance plazas, toll houses, service stations, approaches, fixtures, accessories, equipment, and administration, storage, and other necessary buildings, together with all property rights, easements, and interests acquired in connection therewith from one (1) point in the County to another point in the County, or from one (1) point in the County to a point in another county (regardless of the population of such other county), and to issue its bonds, revenue bonds, or combination tax and revenue bonds, to pay the cost thereof; and

(b) to fix, revise and adjust from time to time tolls and charges for transit over such facilities; and

WHEREAS, the County created the Authority to design, construct and finance improvements to the Grand Parkway within the County pursuant to Chapter 284; and

WHEREAS, the County and the Authority have entered into a Joint Project Agreement pursuant to which the Authority has agreed to construct certain toll facilities on the Grand Parkway, and the County has agreed to levy, assess and collect an ad valorem tax on all taxable property in the County, within the limits prescribed by law, in an amount sufficient to fund the debt service on the Authority's bonds to the extent that the Authority's toll road revenues are insufficient for such debt service and

an annual tax on all taxable property within the County fully sufficient to pay for project expenses to the extent toll revenues are insufficient for such purposes; and

WHEREAS, the Authority has determined to enter into this Indenture and to issue hereunder all or any portion of its toll road and contract tax revenue bonds from time to time to finance or refinance the Cost (as defined in this Indenture) of the Project (as defined in this Indenture);

NOW, THEREFORE, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Bonds by the Owners thereof from time to time, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Authority and the Trustee do hereby mutually covenant and agree, for the equal and proportionate benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I
DEFINITIONS, STATUTORY AUTHORITY AND INTERPRETATION

SECTION 101. Definitions

The following terms shall, for all purposes of this Indenture, have the following meanings:

"Account" or "Accounts" shall mean anyone or more, as the case may be, of the separate special accounts created and established in Section 502 of this Indenture.

"Accountant" shall mean any certified public accountant or firm of certified public accountants or accounting corporation of recognized experience and qualifications, selected by the Authority and may be the accountant or firm of accountants that regularly audits the books of the Authority.

"Accountant's Certificate" shall mean a certificate signed by the Accountant.

"Act" shall mean collectively Chapter 284, Texas Transportation Code, Chapter 431 Transportation Code and Chapters 1201 and 1371, and Section 791.028 Texas Government Code, as amended.

"Additional Subordinate Lien Bonds" shall mean the additional subordinate lien revenue bonds, notes and obligations permitted to be issued by the Authority pursuant to Section 702 of this Indenture.

"Aggregate Debt Service" shall mean for any Fiscal Year, as of the date of calculation, the sum of the amounts of Debt Service for such year with respect to all Bonds.

"Amortized Value" shall mean the value of an Investment Security calculated by adding the amount of the premium to the par value of the Investment Security or deducting the amount of the discount from the par value of the Investment Security, as the case may be, after such premium or discount has been amortized according to Generally Accepted Accounting Principles for the number of days since the acquisition of the Investment Security.

"Annual Budget" shall mean the annual budget of the Authority for the Project that is adopted pursuant to Section 807, as amended or supplemented, adopted, or in effect for a particular year or fraction thereof.

"Authority" shall mean the Fort Bend Grand Parkway Toll Road Authority, a local government corporation organized and authorized under Chapter 431 of the Texas Transportation Code.

"Authorized Officer of the Authority" shall mean the Chairman or Vice Chairman of the Authority or any officer or employee of the Authority designated as an "Authorized Officer of the Authority" by Supplemental Indenture, resolution or order duly adopted by the Board of Directors of the Authority.

"Average Annual Debt Service Requirements" shall mean, as of any particular date of computation, the aggregate of the Debt Service Requirements on each series of Bonds divided by the number of years from the date of computation to the date the last Outstanding Bond, at the time of computation, matures. The Average Annual Debt Service Requirement is computed and recomputed upon (1) the issuance of each series of Subordinate Lien Bonds and (2) on each date on which Subordinate Lien Bonds mature or are optionally or mandatorily redeemed. For purposes of this computation a fraction of a year will be considered a full year. In the case of any series of Bonds which (i) has a final maturity date of less than ten years but more than two years from any particular date of computation or (ii) is secured by an unconditional commitment from a financial institution (which commitment as to form, substance and institution are acceptable to the Trustee) providing for the refinancing of such Bonds, the Average Annual Debt Service Requirements shall be computed by the Authority as if all of such Bonds matured on a single date which is twenty-five years after the date of issuance of such Bonds.

"Bondowner", "Owner of Bonds" or "Owner" shall mean the registered owner of any Bond as to both principal and interest.

"Bond" or "Bonds" shall mean "Subordinate Lien Bonds."

"Business Day" shall mean a day which is not a Saturday, Sunday or banking holiday in New York City or Houston, Texas.

"Capitalized Lease Obligation" shall mean any obligation of the Authority, as lessee, to pay rent under a lease of real or personal property, which obligation, in the judgment of the Accountant, is required to be capitalized on a balance sheet of the lessee in accordance with Generally Accepted Accounting Principles.

"Commissioners Court" shall mean the Commissioners Court of Fort Bend County, Texas which is the governing body of the County.

"Construction Fund" shall mean the "Construction Fund" created and established by Section 502 of this Indenture.

"Consulting Engineers" shall mean the Authority Engineer or the engineering firm or firms at the time employed by the Authority pursuant to the provisions of this Indenture to carry out the duties imposed by this Indenture on the Consulting Engineers.

"Cost" or "Cost of the Project" shall mean all costs of acquisition, construction, improvement, operation and maintenance of the Project or any other portion of the Fort Bend Grand Parkway that is a qualified Cost under the Act.

"Costs of Issuance" shall mean the items of expense payable or reimbursable directly or indirectly by the Authority and related to the authorization, sale and issuance of Bonds, which items of expense shall include without limiting the generality of the foregoing: travel expenses; printing costs; costs of reproducing documents; computer fees and expenses; filing and recording fees; initial fees and charges of the Trustee and Paying Agents; bond discounts; legal fees and charges; consulting fees and charges; auditing fees and expense; financial advisor's fees and charges; costs of credit ratings; insurance premiums; fees and charges for execution, transportation and safekeeping of Bonds; and other administrative or other costs of issuing carrying and repaying such Bonds and investing the Bond proceeds.

"Counsel's Opinion" shall mean an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds (who may also be counsel to the Authority) selected by the Authority and satisfactory to the Trustee.

"County" shall mean Fort Bend County, Texas, a body politic and corporate and a political subdivision of the State of Texas.

"County Reimbursement Fund" shall mean the fund created and established in Section 502 of this Indenture.

"County Reimbursement Obligation" shall mean an amount required to reimburse the County or be repaid to the County in accordance with the terms of the Joint Project Agreement.

"Credit Agreement" shall mean any agreement between the Authority and a third party financial institution, political subdivision, or the State of Texas, pursuant to which such party issues a letter of credit, municipal bond insurance policy, line of credit, standby purchase agreement, surety policy, surety bond or other guarantee or credit support document for the purpose of enhancing the creditworthiness or liquidity of any of the Authority's obligations including and pursuant to the terms of any Bonds or Qualified Hedge Agreements and in consideration for which the Authority may agree to pay, but solely from Net Revenues as provided herein, (i) periodic payments for the availability of such Credit Agreement and/or (ii) reimbursements or repayments of any amounts advanced under such Credit Agreement, together with interest and other stipulated costs and charges related to such amounts advanced. Bonds of the Authority issued pursuant to or in connection with a Credit Agreement shall be deemed to be, and shall be included within, the Debt Service Requirements for the series of Bonds to which the Credit Agreement relates. Each Credit Agreement shall be deemed to be a part of the Bonds of the series to which it relates for the purpose of securing its payment or repayment by the pledge of Net Revenues as provided in this Indenture. However, issuers of Credit Agreements shall not be treated as Owners of Bonds for purposes of any voting rights to approve amendments or to direct the exercise of any remedies under this Indenture.

"Debt Service Requirements" shall mean, as of any date of calculation, an amount equal to the sum of the following for any period and with respect to all or any portion of the Bonds:

(a) Current interest scheduled to accrue during such period on such Bonds, except to the extent that provision for the payment of such interest has been made by (i) appropriating for such purpose amounts sufficient to provide for the full and timely payment of such interest either from proceeds of Bonds, from interest earned or to be earned thereon, from other Authority funds other than Net Revenues, or from any combination of such sources and (ii) depositing such amounts (except in the case of interest to be earned, which shall be deposited as received) into a fund or account for capitalized interest, the proceeds of which are required to be transferred as needed into the Subordinate Lien Debt Service Fund, as the case may be, plus

(b) That portion of the principal amount of, or compounded interest on, such Bonds scheduled to be payable on or before the next January 1 (either at maturity or by reason of scheduled mandatory redemptions, but after taking into account all prior optional and mandatory Bond redemptions) which would accrue if such principal amount were deemed to accrue daily in equal amounts from the next preceding January 1; provided, however, that the following rules shall apply to the computation of Debt Service Requirements on certain series of Short Term/Demand Bonds and on any series of Bonds bearing interest at a floating or variable rate:

(1) For any series of Short Term/Demand Bonds issued pursuant to a commercial paper program or similar program, Debt Service Requirements shall be computed on the assumption that the principal amount shall continuously be refinanced under such program and remain outstanding until the first Fiscal Year for which interest on such Short Term/Demand Bonds has not been capitalized or otherwise funded or provided for, at which time (which shall not be beyond the term of such program) it shall be assumed that the outstanding principal amount thereof shall be refinanced with a series of Bonds which shall be assumed to be amortized over a period not to exceed 25 years and shall be assumed to be amortized in such a manner that the maximum Debt Service Requirements in any twelve month period shall not exceed 110% of the minimum Debt Service Requirements for any other 12-month period, and shall be assumed to bear interest at a fixed interest rate estimated by the Authority's financial advisor or underwriter to be the interest rate such series of Bonds would bear if issued on such terms on the date of such estimate;

(2) For any series of Bonds bearing interest at a variable or adjustable rate or a rate to be negotiated or revised from time to time such that the actual future rate of interest thereon cannot be ascertained at the time of calculation, it shall be assumed that such Bonds will bear interest at the higher of (l) a long-term interest rate estimated by the Authority's financial advisor or underwriter to be the average rate of interest such Bonds would bear if issued as long-term bonds bearing interest at fixed interest rates to be amortized over 30 years with level debt service or (2) a short-term interest rate calculated as follows: (a) for any series of Bonds then Outstanding, at the greater of (i) the average interest rate derived from the variable or adjustable interest rate formula or computation applicable to, or average interest rate borne by, such series of Bonds during a 12-month period ending within 30 days prior to the date of computation or (ii) the actual interest rate derived from such variable or adjustable interest rate formula or computation, or the actual interest rate payable on such series of Bonds, on the date of such calculation, and (b) for any series of Bonds then proposed to be issued, at an interest rate estimated by the Authority's financial advisor or underwriter to be the average rate of interest such series of Bonds will bear during the period or periods for which the Debt Service Requirements are being calculated.

Debt Service Requirements shall be calculated on the assumption that no Bonds Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of scheduled principal

maturities or scheduled mandatory redemptions of such Bonds, except as provided above for Short Term/Demand Bonds.

Obligations of the Authority to make payments under a Credit Agreement as reimbursements or repayments of amounts paid or advanced under such Credit Agreement for interest on or principal of any Bonds (including interest and other stipulated costs and charges related to such amounts advanced) shall be deemed to be payments of interest on or principal of such Bonds.

Qualified Hedge Agreements shall cause Debt Service Requirements to be (i) increased by the amount of any scheduled payments and charges for the availability of the Qualified Hedge Agreement, (ii) decreased by the amount of any scheduled interest payments on the related Bonds which the Authority's financial advisor certifies to be substantially hedged pursuant to the Qualified Hedge Agreement, and (iii) increased by the gross payments of the Authority under the Qualified Hedge Agreement (without regard to netting); provided, however, that any variable or adjustable payment obligation of the Authority under the Qualified Hedge Agreement shall be deemed to be a fixed rate obligation based upon the provisions contained in paragraph (ii) above of the definition of Debt Service Requirements, as certified by the Authority's financial advisor.

"Depository" shall mean any bank, trust company, national banking association, savings and loan association, savings bank or other banking institution or association selected by the Authority as a depository of moneys and securities held under the provisions of this Indenture and the Act, and may include the Trustee.

"DTC" means The Depository Trust Company of New York, New York, or any successor securities depository.

"DTC Participant" means brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

"Event of Default" shall mean an Event of Default as such term is defined in Section 902.

"Fair Market Value" shall mean, as of any particular time: (a) as to Investment Securities the bid and asked prices of which are published on a regular basis in a financial journal or publication of general circulation in the United States of America, the bid price for such Investment Securities so published on or most recently prior to

the date of valuation by the Trustee, or (b) as to Investment Securities the bid and asked prices of which are not published on a regular basis in a financial journal or publication of general circulation in the United States of America, the average bid price on such Investment Securities at the date of valuation by the Trustee, as reported to the Trustee by any two nationally recognized dealers in such Investment Securities.

"Fiduciary" or "Fiduciaries" shall mean the Trustee, the Paying Agents or any or all of them, as may be appropriate.

"Fiscal Year" shall mean a fiscal year as established by the Authority which is currently the 12-month period ending September 30, but which may be changed from time to time.

"Fort Bend Grand Parkway" means that portion of the Grand Parkway System located in Fort Bend County and shall include the Project.

"Fund" or "Funds" shall mean anyone or more, as the case may be, of the separate special funds created and established in Section 502 of this Indenture.

"Generally Accepted Accounting Principles" shall mean, such accounting practice as, in the opinion of the Accountant, conforms at the time to generally accepted accounting principles.

"Grand Parkway Agreements" shall mean the Terms and Conditions effective September 29, 2008, and Market Valuation Waiver Agreement effective March 25, 2009. The Grand Parkway Agreements: i) establish the "Minimum Project Scope" and the "Ultimate Project Scope" of the Grand Parkway System within Fort Bend County and other counties; ii) require the Grand Parkway System be developed separate from the County's existing toll road system; and iii) limits the use of toll revenues from the Grand Parkway System to the development and maintenance of the Grand Parkway System until the Ultimate Project Scope is complete.

"Grand Parkway System" shall mean a planned system of controlled access toll lanes ranging from two to six lanes wide and approximately 180 plus miles long traversing seven counties and encircling the Greater Houston Region, as more fully described in the Grand Parkway Agreements.

"Grand Parkway System Improvement Fund" shall mean the "Grand Parkway System Improvement Fund" created by Section 502 of this Indenture.

"Gross Revenues" shall mean Revenues prior to payment of Operating and Maintenance Expenses and funding the Operating and Maintenance Reserve.

"Indenture" shall mean this Trust Indenture as the same may be amended or supplemented from time to time by Supplemental Indentures in accordance with the terms hereof.

"Initial Bond" shall mean the Initial Bond authorized by Section 306(d) of this Indenture.

"Interest Payment Date" shall mean March 1, 2013 and each March 1 and September 1 thereafter, or as otherwise defined by a Supplemental Indenture.

"Investment Security" or "Investment Securities" shall mean and include anyone or more of the following securities, if and to the extent the same are at the time legal for investment of Authority funds:

(a) Direct obligations of or obligations, directly or indirectly, guaranteed by the United States of America;

(b) Bonds, debentures, notes or other evidences of indebtedness issued or guaranteed, directly or indirectly, by any of the following: Bank: for Cooperatives; Federal Intermediate Credit Banks, Federal Home Loan Bank: System, Export-Import Bank of the United States, Federal Land Banks, Federal National Mortgage Association (to the extent guaranteed by the Government National Mortgage Association), Federal Home Loan Mortgage Corporation, Farmers' Home Administrator, Tennessee Valley Authority, Federal Farm Credit System, the Government National Mortgage Association, Of other successor or similar agencies;

(c) Bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(d) Direct and general obligations of or obligations guaranteed by the State, the payment of the principal of and interest on which is a general obligation of the State;

(e) Demand deposits or interest-bearing time deposits, certificates of deposit or other similar banking arrangements, with the Trustee or a member of the Federal Deposit Insurance Corporation, or any savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation, or any such institution having undivided capital and surplus of at least $50,000,000, and if such time deposits or certificates of deposit, to the extent not insured to the full amount thereof, are fully secured by obligations of the type specified in (a), (b), (c) or (d) above or (h) below which have a Fair Market Value, at least equal at all times to the amount of such deposits;

(f) Repurchase Agreements with banks which are members of the Federal Deposit Insurance Corporation, and with members of the Association of Primary Dealers in United States Government Securities. the underlying securities of which are of the type described in (a) and (b) above and which are fully secured at all times by obligations of the same type which have a Fair Market Value, including accrued interest, at least equal to the amount of such Repurchase Agreement including accrued interest;

(g) Interest-bearing time deposits or Repurchase Agreements with agencies or intermediaries of the Federal Government described in (a) and (b) above;

(h) Direct and general obligations of any state within the territorial United States of America, provided that at the time of their purchase under this Indenture, such obligations are rated in one of the two highest letter rating categories by a nationally recognized bond rating agency;

(i) Certificates of Deposit of any bank including the Trustee with undivided capital and surplus of at least $50,000,000, the unsecured debt of which or of its parent holding company is rated in one of the two highest letter rating categories by a nationally recognized bond rating agency, with such Certificates of Deposit to be secured by any other Investment Securities or by any security then acceptable to secure deposits of public funds of the State of Texas having a Fair Market Value at least equal to the amount of the Certificate of Deposit;

(j) Investment agreements with any bank including the Trustee with undivided capital and surplus of at least $50,000,000 or bank holding company, the unsecured debt of which (or of a bank's parent holding company in the case of a bank if the unsecured debt of the bank is not rated) is rated in one of the two highest letter rating categories by a nationally recognized bond rating agency, with such investment agreement to be secured by any other Investment Securities described herein or by any security then acceptable to secure deposits of public funds of the State of Texas having a Fair Market Value at least equal to the amount of the Investment Agreement;

(k) Investment agreements with any bank or other financial institution, the unsecured debt of which is rated in either of the two highest letter rating categories by a nationally recognized bond rating agency; and

(l) Money market funds, including those of the Trustee and its affiliates, which are rated in either the two highest letter rating categories by a nationally recognized bond rating firm.

"Joint Project Agreement" means the Agreement between the County and the Authority dated as of July 24, 2012 relating to the construction of the Project and the issuance of Bonds, to provide funding for the Project.

"Junior Lien Bonds" shall mean bonds or other indebtedness having the meaning set forth in Section 707.

"Letter of Instructions" shall mean a written directive and authorization to the Trustee executed by an Authorized Officer of the Authority.

"Net Revenues" shall mean the Revenues less the sum of (i) the Operating and Maintenance Expenses and (ii) the aggregate of principal and interest payments made, or to be made, during the period for which Net Revenues are computed on Senior Indebtedness that is secured by a first charge on revenues, or such other amount as may be defined as "Net Revenues" by a Supplemental Indenture, subject to Section 1101 (i) hereof.

"Operating Board" shall mean the Board of Directors of the Authority acting as the operating board or any subsequent substitute operating board that may be appointed by the Commissioners Court in accordance with Chapter 284, Texas Transportation Code.

"Operating and Maintenance Expenses" shall mean the Authority's costs and expenses of maintenance, repair, operation and administration of the Project (including other portions of the Fort Bend Grand Parkway added to the definition of "Project" by the Authority) and shall include without limiting the generality of the foregoing: (i) salaries, supplies, utilities, labor, rent; (ii) fees and expenses for data processing, policing, insurance, legal, accounting, engineering, the Trustee, Depositories or Paying Agents, letters of credit and credit facilities, consulting and banking services; (iii) Costs of Issuance not paid as a Cost of the Project; and (iv) payments to pension, retirement, health and hospitalization funds.

"Operating and Maintenance Reserve" shall mean, as of any particular time of calculation, an amount of money to be retained in the Revenue Fund pursuant to Section 503 which is equal to three months of Operating and Maintenance Expenses, as set out in the Annual Budget.

"Outstanding" when used with reference to the Senior Indebtedness or Subordinate Lien Bonds, as the case may be, means, as of a particular date, all such bonds theretofore and thereupon delivered except: (a) any such bond cancelled by or on behalf of the Authority at or before said date; (b) any such bond defeased pursuant to the defeasance provisions of the ordinance authorizing its issuance, or otherwise defeased as permitted by applicable law; and (c) any such bond in lieu of or in substitution for which another bond shall have been delivered pursuant to the ordinance authorizing the issuance of such bond.

"Parity Contract Obligations" shall mean any of the following obligations of the Authority issued or incurred pursuant to this Indenture:

(a) Parity Notes;

(b) Any and all repayment, reimbursement or other obligations arising pursuant to any Credit Agreement; and,

(c) Any and all payment obligations arising pursuant to any Qualified Hedge Agreements which may be netted against amounts, if any, due the Authority pursuant to such Qualified Hedge Agreements.

"Parity Notes" shall mean any note or notes, as the case may be, issued pursuant to a commercial paper program and authenticated and delivered under and pursuant to this Indenture, and secured by the Trust Estate.

"Paying Agent" shall mean any bank or trust company or national banking association designated to make payment of the principal of and interest on the Bonds of any Series, and its successor or successors, which may include the Trustee, hereafter appointed in the manner provided in this Indenture and meeting the requirements of Section 1013 of this Indenture.

"Permitted Encumbrances" shall mean

(a) easements and rights of way on, over, across, or through any part of the Project;

(b) inchoate claims and charges incidental to construction, maintenance, and operation of the Project;

(c) contractual and property rights granted to or reserved by a party under any contract or instrument which the Authority is not prohibited from entering into under this Indenture;

(d) minor defects and irregularities in the title to any property which is part of the Project, which do not impair the Authority's right to use such property for purposes of the Project; and

(e) rights reserved to or vested in the State of Texas or any municipal corporation or political subdivision or agency within the State of Texas with regard to the property and facilities constituting the Project or with regard to the regulation of the use thereof.

"Person" shall mean any individual, public or private corporation, county, district, authority, municipality, political subdivision or other county or entity of the State or the United States of America, and any incorporated city, town or village, whether operating under general or special law or under its homerule charter, and any partnership, association, firm, trust, estate, or any other entity whatsoever.

"Principal Installment" shall mean as of any particular date of computation (a) with respect to Bonds of a particular Series, an amount of money equal to the aggregate of the principal amount of Outstanding Bonds of said Series which mature on a single future date or (b) with respect to Parity Notes, except to the extent actually paid from the Trust Estate (and not from the proceeds of other Parity Notes or Bonds issued for refunding or refinancing purposes), each Series shall be deemed to have Principal Installments in each of the 30 consecutive Fiscal Years beginning in the Fiscal Year following the depletion of any am01mts provided as capitalized interest for such Series of Parity Notes, which Principal Installments shall be in such amounts as shall be calculated by the Authority's financial advisor to achieve an approximately equal annual amortization of Debt Service on such Series of Parity Notes over such 30-year period.

"Principal Payment Date" shall mean each March 1 or other date as may be defined in a Supplemental Indenture.

"Project" initially shall mean the construction of the tolled overpasses on the Grand Parkway System in Fort Bend County and the reconstruction of the existing roadway from U.S. 59 to and including the intersection at FM1093 ("Westpark") and subsequently may include any other portion of or improvement to the Fort Bend Grand Parkway pursuant to a Supplemental Indenture, resolution or order duly adopted by the Board of Directors of the Authority and specified as a component of the Project for purposes of this Indenture.

"Qualified Hedge Agreement" shall mean any agreement between the Authority and a qualifying financial institution (as described in the following sentence) for the purpose of providing an interest rate swap, exchange, cap, collar, floor, forward or other hedging mechanism, arrangement or security, however denominated, expressly identified pursuant to its terms as being entered into in connection with and in order to hedge interest rate fluctuations on any portion of any Bonds and in consideration for which the Authority may agree to pay, (i) periodic payments for the availability of such Qualified Hedge Agreement and/or (ii) net amounts as a result of fluctuation in hedged interest rates or in the value of any index of payment and/or (iii) termination charges. A Qualified Hedge Agreement may only be entered into with a financial institution, which (a) for a transaction having a term of less than ten years, has long term credit ratings in one of the three highest generic rating categories by at least two nationally recognized rating services or (b) for a transaction having a term of ten years or longer, has at the time of entering into such transaction a long term credit ratings in one of the two highest generic rating categories by at least two nationally recognized rating services; provided, however, that such rating requirement may be satisfied by an affiliated entity of such financial institution or a third party with the requisite rating with whom the financial institution and/or the County have a contractual arrangement pursuant to which such affiliated entity or third party provides credit support for the Qualified Hedge Agreement. Further, obligations of the Authority to make payments

under a Qualified Hedge Agreement derived from or resulting from a fluctuation in hedged interest rates or in the value of any index of payment shall be deemed to be payments of interest on the Bonds so hedged. Each Qualified Hedge Agreement shall be deemed to be a part of the Bonds of the series to which it relates for the purpose of securing its payment by the pledge of Net Revenues as provided in this Indenture. However, issuers of and counterparties to Qualified Hedge Agreements shall not be treated as Owners of Bonds for purposes of any voting rights to approve amendments or direct the exercise of any remedies under this Ordinance.

"Record Date" as used with respect to any Interest Payment Date shall mean the date designated in any Supplemental Indenture with respect to any of Bonds as the record date for the payment of interest on such Series or if no Record Date is so designated the 15th day of the month preceding such Interest Payment Date with respect to such Bonds.

"Redemption Price" shall mean, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or this Indenture.

"Refunding Bonds" shall mean all Bonds, whether issued in one or more series, issued for the purpose of refunding a like or different principal amount of Bonds, and thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III.

"Register" shall mean the register maintained by the Trustee which shows ownership of Bonds in accordance with Section 307.

"Registered Owner" shall mean the person in whose name any Bond is registered.

"Responsible Officer" means, when used with respect to the Trustee or a Paying Agent any officer within the corporate trust department of the Trustee or administrative office of a Paying Agent having direct responsibility for the administration of the Indenture.

"Revenue Fund" shall mean the "Revenue Fund" established in Section 502.

"Revenues" shall mean all toll revenues and other amounts derived by the Authority from the ownership and operation of the Project and the Fort Bend Grand Parkway which constitute revenues in accordance with generally accepted accounting principles.

"Senior Indebtedness Debt Service Fund" shall mean the fund so designated pursuant to the orders or indentures authorizing the Senior Indebtedness.

"Senior Indebtedness" shall mean (a) the principal of, premium, if any, and interest on (i) indebtedness (other than the Subordinate Lien Bonds) of the Authority for money borrowed for Project purposes evidenced by bonds, notes, warrants or similar obligations, including any obligation to make payments with respect to money borrowed by any other person for Project purposes whether any such indebtedness is outstanding on the date of this Indenture or is hereafter created, assumed or incurred, (ii) Capitalized Lease Obligations for Project purposes, whether outstanding on the date of this Indenture or hereafter incurred, and (iii) indebtedness incurred, or assumed by the Authority (whether outstanding on the date of this Indenture or hereafter created, assumed or incurred) for Project purposes, unless, in each case referred to in clauses (i), (ii) and (iii) above, by the terms of the instrument creating or evidencing the indebtedness it is provided that such indebtedness ranks on a parity with the Bonds and is entitled to like rights of subrogation, or is subordinated to, or is otherwise not superior in right of payment to, the Bonds, and (b) any other indebtedness (including Credit Agreements and Qualified Hedge Agreements), liability or obligation, contingent or otherwise, of the Authority for Project purposes (any such indebtedness, liability or obligation being hereinafter in this definition referred to as an "Obligation"), and any endorsement or other contingent obligation in respect of an Obligation of another for Project purposes, which is assumed or incurred by the Authority after the date of this Indenture and which, when assumed or incurred, is specifically designated by the Authority as Senior Indebtedness for the purposes hereof in the instrument creating or evidencing such Obligation or in the instrument creating or evidencing the Authority's liability with respect to the Obligation of another, and (c) any refundings, renewals or extensions of any indebtedness, liability or obligation described in clauses (a) and (b) above. Senior Indebtedness shall not, however, include indebtedness incurred in connection with the purchase of materials or services in the ordinary course of business or indebtedness representing amounts recorded as accounts payable on the books of the Authority.

"Short Term/Demand Bonds" shall mean each series of bonds, notes and other obligations issued pursuant to this Indenture, (a) the payment of principal of which is either (i) payable on demand by or at the option of the holder at a time sooner than a date on which such principal is deemed to be payable for purposes of computing Debt Service Requirements, or (ii) scheduled to be payable within one year from the date of issuance and is contemplated to be refinanced for a specified period or term through the issuance of additional Short Term/Demand Bonds pursuant to a commercial paper or other similar financing program, and (b) the purchase price, payment or refinancing of which is additionally secured by a letter of credit, line of credit, standby purchase agreement, bond insurance, surety bond or other credit or liquidity facility which does not impose upon the Authority a reimbursement obligation payable over a period shorter than three years.

"State" shall mean the State of Texas.

"Subordinate Lien Bonds" shall mean the Limited Contract Tax and Subordinate Lien Revenue Bonds, Series 2012 and each series of Bonds which the Authority has reserved the right to issue from time to time, payable from and secured by a lien on and pledge of Net Revenues junior and subordinate to the lien and pledge securing the Senior Indebtedness but senior and superior to the Junior Lien Bonds.

"Subordinate Lien Debt Service Fund" shall mean the "Subordinate Lien Debt Service Fund" which is established pursuant to Section 502 of this Indenture.

"Supplemental Indenture" shall mean any Indenture supplemental to or amendatory of this Indenture, adopted by the Authority in accordance with Article XI and/or Article XII, as appropriate.

"Tax Fund" shall mean the "Tax Fund" created by Section 502 of this Indenture.

"Traffic Engineers" shall mean the traffic engineer employed by the Authority and "Independent Traffic Engineer" shall mean an engineering firm or corporation retained by the Authority, pursuant to the provisions of this Indenture to carry out the duties imposed by this Indenture on the Traffic Engineer or the Independent Traffic Engineer.

"Trust Estate" shall mean the Trust Estate as defined in Section 201 of this Indenture. "Trustee" shall mean Wells Fargo Bank, N.A. or any other commercial bank or trust company duly organized and existing under the laws of the United States of America which is authorized under such laws to exercise corporate trust powers, and is subject to examination by federal authority and shall be appointed pursuant to Article X, and its successor or successors and any other person which may at any time be substituted in its place pursuant to this Indenture.

"Ultimate Project Scope" shall mean the complete build-out of the Grand Parkway System as contemplated by the Grand Parkway Agreements.

SECTION 102. Authority for this Indenture

This Indenture is adopted pursuant to the provisions of the Act.

SECTION 103. Recitals; Table of Contents; Titles and Headings

The terms and phrases used in this Indenture have been included for convenience of reference only and the meaning, construction and interpretation of such words and phrases for purposes of this Indenture shall be determined solely by reference to Section 101 hereof. The table of contents, titles and headings of the articles and sections of this Indenture have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in

construing this Indenture or any provision hereof or in ascertaining intent, if any question of intent should arise.

SECTION 104. Interpretation

Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Indenture all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Indenture. To the extent the context requires, any term defined in this Indenture or any documents relating hereto by reference to any agreement, instrument, law or governmental rule shall have such meaning whether or not such agreement, instrument, law or governmental rule is in effect.

ARTICLE II
SECURITY OF THE BONDS

SECTION 201. Granting Clauses

In order to secure the payment of the principal and Redemption Price of and interest on the Bonds as the same become due and payable, whether at maturity or by prior redemption, and the performance and observance of all of the covenants and conditions herein contained, and in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Bonds by the Owners thereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Authority does hereby grant to the Trustee and its successors in trust hereunder a pledge of and lien on the following (collectively, the "Trust Estate"):

(a) All right, title and interest of the Authority to taxes levied by the County pursuant to the provisions of Joint Project Agreement;

(b) All right, title and interest of the Authority now owned or hereafter acquired in and to the moneys deposited or required to be deposited in the funds established under this Indenture, including the Subordinate Lien Debt Service Fund, the Tax Fund, and, to the extent funded with Bond proceeds, the Construction Fund, the Revenue Fund, and the County Reimbursement Fund pursuant to the provisions of this Indenture and all right, title and interest in and to the Investment Securities held in the Indenture, the Subordinate Lien Debt Service Fund and the Tax Fund, pursuant to the provisions of this Indenture; provided, however, that the Authority expressly reserves the right to transfer any or all interest and investment income from Investment Securities held in the Subordinate Lien Debt Service Fund (other than amount attributable to capitalized interest on the Bonds) to other Funds or accounts and to grant

a senior lien and pledge of such interest and investment income to secure Senior Indebtedness.

(c) Subject to and subordinate in all respects to any lien or pledge existing or hereafter created or granted with respect to Senior Indebtedness, all right, title and interest of the Authority in and to the Net Revenues to the extent of Revenues as collected;

(d) All right, title and interest of the Authority now owned or hereafter acquired in and to the moneys deposited or required to be deposited with the Trustee pursuant to the provisions of this Indenture and all right, title and interest in and to the Investment Securities held by the Trustee pursuant to the provisions of this Indenture;

(e) Subject to and subordinate in all respects to any lien or pledge existing or hereafter created or granted with respect to Senior Indebtedness, any and all property of every kind and nature (including, without limitation, cash, obligations or securities) which may from time to time hereafter be assigned, hypothecated, endorsed, pledged, granted, or delivered to or deposited with the Trustee as additional security hereunder by the Authority or anyone on its behalf, or which pursuant to any of the provisions hereof may come into the possession or control of the Trustee as security hereunder, or of a receiver lawfully appointed hereunder, all of which the Trustee is authorized to receive, hold and apply according to the terms hereof; and

TO HAVE AND TO HOLD all the same, with all rights and privileges appurtenant thereto, unto the Trustee and its successors in trust forever, subject, however, to all of the terms and provisions of this Indenture;

IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth, for the equal and proportionate benefit and security of the Owners from time to time of the Bonds issued and to be issued hereunder, or any of them, without preference, priority or distinction as to lien or otherwise of any Bond over any other Bond except as provided in this Indenture;

PROVIDED, HOWEVER, that if the Authority, its successors or assigns, shall well and truly pay, or cause to be paid, the principal or Redemption Price of the Bonds and the interest due or to become due thereon, at the times and in the manner provided in the Bonds according to the true intent and meaning thereof, and shall cause the payments to be made into the Funds and Accounts established hereunder and in the amounts required hereby, or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee an amount sufficient to provide for payment of the entire amount due or to become due thereon as provided in this Indenture, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall payor cause to be paid to the Trustee all sums of money due or to become due to it

in accordance with the terms and provisions hereof, then, upon such payment and performance, this Indenture and the rights and liens hereby granted shall cease, determine and be void; otherwise, this Indenture is to be and shall remain in full force and effect.

SECTION 202. Time of Pledge; Delivery of Trust Estate

The grant, assignment and pledge of the Trust Estate pursuant to the provisions of this Indenture shall be effective from and after the payment for and delivery of any Bonds hereunder. Nothing in this Indenture shall create an obligation on the part of the Authority to physically deliver the Trust Estate to the Trustee except as expressly provided in this Indenture.

SECTION 203. Payment of Contract Tax Revenues

The Bonds are secured by and payable from revenues paid to the Authority by the County pursuant to the levy of a continuing, direct annual ad valorem tax, within the limits provided by law, upon all taxable property within the County. To pay the interest on the Bonds, and to create a sinking fund for the payment of the principal thereof when due, and to pay the expenses of payment and registration of such Bonds and the cost of collecting such taxes, the County by order adopted July 24, 2012, levied, and ordered to be assessed and collected in due time, form and manner, a continuing, direct annual ad valorem tax, within the limits provided by law, on all taxable property in the County for each year during the period that there are Outstanding Bonds. All of the proceeds of such collections, except expenses incurred in that collection, shall be paid by the County into the Tax Fund pursuant to the Joint Project Agreement, and the aforementioned tax and such payments into the Tax Fund shall continue until the Bonds and the interest thereon have been fully paid and discharged as required by the Joint Project Agreement, and such proceeds shall be used for such purposes and no other.

The Joint Project Agreement provides that while there are Outstanding Bonds, the County shall levy, assess and collect an ad valorem tax each year at a rate from year to year as will be sufficient to provide (together with other moneys available or anticipated to be available therefore, including available Net Revenues and amounts available from Bond proceeds) funds to pay the interest on said Bonds and to create and provide a sinking fund to pay the principal when due or of not less than 2% of the principal amount of the Bonds, full allowance being made for delinquencies and costs of collection, and the County shall deposit such taxes into the Authority's Tax Account to be applied to the payment of the principal and Redemption Price of and interest on the Bonds, as follows:

(a) On or before July 1st of each year, the Authority shall report to the County its current fund balances as well as a budget reflecting the anticipated Net Revenues of the project for the upcoming fiscal year.

(b) On or before September 1st in each year or as soon after that time as practicable, the Commissioners Court shall consider the taxable property in the County and determine the actual rate per $100 valuation of taxable property which is to be levied in that year for the payment of the principal due and Redemption Price of and interest on the Subordinate Lien Bonds and levy and tax against all taxable property in the County.

(c) In determining the actual rate to be levied in each year, the Commissioners Court shall consider among other things:

(1) the amount which should be levied for the payment of the principal and Redemption Price of and interest on the Bonds; and

(2) the percentage of anticipated tax collections and the cost of collecting the taxes.

(d) In determining the rate at which taxes should be levied each year, the Commissioners Court may consider whether proceeds from the sale of Bonds have been placed in the Subordinate Lien Debt Service Fund to pay interest on the Bonds and whether the Commissioners Court reasonably expects to have Net Revenues or other moneys available from other sources which are budgeted and appropriated to pay the principal or Redemption Price of or interest on the Bonds. Under the terms of the Joint Project Agreement, if the Commissioners Court reasonably determines that adequate moneys from such Net Revenue or other sources are budgeted and appropriated to pay the principal and Redemption Price of and interest on the Bonds, the Commissioners Court may elect not to levy a tax that year.

(e) The Authority agrees and covenants that it will not request, consider or approve any amendment to the Joint Project Agreement that would reduce or eliminate the County's obligation to levy, assess and collect taxes as provided in this Section, and further agrees to take all actions necessary and appropriate to insure that the Joint Project Agreement remains in full force and effect so long as the Bonds remain outstanding under this Indenture.

SECTION 204. Declaration

It is hereby expressly declared that the Trust Estate hereby pledged is to be applied, disbursed, dealt with and disposed of under, upon and subject to the terms, conditions, covenants, agreements uses and purposes set forth in this Indenture.

ARTICLE III
AUTHORIZATION AND ISSUANCE OF BONDS, GENERAL TERMS AND PROVISIONS OF THE BONDS

SECTION 301. Authorization of Bonds

(a) This Indenture authorizes the issuance of Bonds of the Authority to be designated as "Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012", together with additional subordinate lien bonds from time to time as provided herein, and creates a continuing pledge of and lien on the Trust Estate to secure the full and final payment of the principal and Redemption Price of and interest on all the Bonds as provided in Section 201. The aggregate principal amount of the Bonds which may be executed, authenticated and delivered under this Indenture is not limited except as may be provided by the Act or in any Supplemental Indenture.

(b) The Bonds may, if and when authorized by the Authority pursuant to one or more Supplemental Indentures, be issued in one or more Series, and the designation thereof, in addition to the name "Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds," shall include such further appropriate particular designation added to or incorporated in such title for the Bonds of any particular Series, as the Authority may determine. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

SECTION 302. Provisions for Issuance of Bonds

(a) All (but not less than all) the Bonds of each Series, other than Refunding Bonds, shall be executed by the Authority for issuance under this Indenture and delivered to the Trustee and thereupon shall be authenticated by the Trustee and by it delivered to the Authority or upon its order, but only upon the receipt by the Trustee of:

(1) Counsel's Opinion to the effect that (i) the Authority has the right and power under the Act, as of the date of such Opinion, to adopt this Indenture and this Indenture has been duly and lawfully adopted by the Authority, is in full force and effect and is valid and binding upon the Authority and no other authorization for this Indenture is required; (ii) this Indenture creates the valid pledge of and lien on the Trust Estate which it purports to create under this Indenture, subject to the application thereof to the purposes and on the conditions permitted by this Indenture; and (iii) the Bonds of such Series are valid binding obligations of the

Authority as provided in this Indenture enforceable in accordance with their terms and the terms of this Indenture and entitled to the benefits of this Indenture and of the Act, as of the date of such Opinion, and such Bonds have been duly and validly authorized and issued in accordance with the Act, as of the date of such Opinion, and in accordance with this Indenture; provided, however, that such Opinion may include an exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganization, or other laws affecting creditors' rights generally or matters relating to equitable principles;

(2) A Letter of Instructions as to the delivery of such Bonds, signed by an Authorized Officer of the Authority;

(3) In the case of each Series of Bonds, a copy of the Supplemental Indenture authorizing such Bonds, certified by an Authorized Officer of the Authority, which shall specify:

(i) The authorized principal amount, designation and Series of such Bonds;

(ii) The purpose or purposes for which such Series of Bonds is being issued;

(iii) The maturity date or dates of the Bonds of such Series;

(iv) The interest rate or rates on the Bonds of such Series which may be fixed, variable or otherwise, and the manner of determining such rate or rates, and the Interest Payment Date or dates therefor;

(v) The denominations of and the manner of dating, numbering and lettering the Bonds of such Series;

(vi) The Paying Agent's or Agents' payment of the principal of and interest on, the Bonds of each Series;

(vii) The Redemption Prices or Prices, if any and the redemption terms for the Bonds of such Series

(viii) The place or places of payment of the principal and Redemption Price, if any, of, and interest on, the Bonds of such Series;

(ix) The amounts which are required to be deposited in the Subordinate Lien Debt Service Fund on or before each Interest Payment Date;

(x) The forms of the Bonds of such Series; and

(xi) Any other provisions deemed advisable by the Authority not in conflict with the provisions of this Indenture.

(4) A Letter of Instructions with respect to the amounts to be deposited in the Funds and Accounts held by the Trustee;

(5) A certificate of an Authorized Officer of the Authority to the effect that after giving effect to the issuance of such Series, an Event of Default will not exist under this Indenture;

(6) The opinion of the Attorney General of Texas, if required by the Act, to the effect that the Bonds have been issued in accordance with law, or a judgment of a State district court validating the issuance of such Bonds. The reapproval of the Attorney General shall not be required for any Bond or Bonds issued in exchange, substitution or replacement of another Bond or Bonds;

(7) Any required certificate of registration of the Bonds by the Comptroller of Public Accounts of the State of Texas; and

(8) Such further documents and moneys as are required by the provisions of this Indenture or any Supplemental Indenture adopted pursuant to this Indenture.

(b) All Refunding Bonds of each Series shall be executed by the Authority for issuance under this Indenture and delivered to the Trustee and thereupon shall be authenticated by the Trustee and by it delivered to the Authority or upon its order, but only upon the receipt by the Trustee of:

(1) The documents referred to in subsection (a) of this Section;

(2) If the Bonds or portions thereof to be refunded are to be called for redemption, a Letter of Instructions containing irrevocable instructions to the Trustee, satisfactory to it, to give due notice of redemption of the Bonds or portions thereof to be refunded on a redemption date specified in such instructions;

(3) A Letter of Instructions containing irrevocable instructions to the Trustee, satisfactory to it, to give due notice to the Owners of the Bonds being refunded as required by this Indenture;

(4) Either (i) moneys in an amount sufficient to effect payment at the applicable Redemption Price (or the principal amount at maturity) of the

Bonds to be refunded, together with accrued interest on such Bonds to the Redemption (or maturity) date, which moneys shall be held by the Trustee, or anyone or more escrow agents, in a separate account irrevocably in trust for and assigned to the respective Owners of the Bonds to be refunded, or (ii) Investment Securities in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications, as shall be necessary to defease the Bonds to be refunded;

(5) A Verification Report prepared by an independent Certified Public Accountant or firm or Certified Public Accountants of favorable national reputation experienced in the refunding of local government obligations such as the bonds to be refunded; and

(6) Such further documents and moneys as are required by the provisions of this Indenture or any Supplemental Indenture adopted pursuant to this Indenture.

SECTION 303. Application of Bond Proceeds

(a) The proceeds, including accrued interest, if any, of the Bonds of each Series, other than Refunding Bonds, together with any other moneys provided by the Authority, shall be applied simultaneously with the delivery of such Bonds, as follows:

(1) There shall be deposited in the Subordinate Lien Debt Service Fund the amount of the interest accrued on such Bonds, if any, to the date of such delivery thereof and such other amounts as shall be specified in the Supplemental Indenture authorizing such Bonds;

(2) There shall be deposited in the other Funds and Accounts established under this Indenture the amounts provided in the Supplemental Indenture authorizing such Series of Bonds; and

(3) Thereafter there shall be deposited into the Construction Fund all remaining Bond proceeds.

(b) The proceeds, including accrued interest, if any, of each Series of Refunding Bonds, shall be applied simultaneously with the delivery of such Bonds in the manner provided in the Supplemental Indenture authorizing such Refunding Bonds.

SECTION 304. Medium of Payment; Form and Date; Letters and Numbers

(a) The Bonds shall be payable, with respect to interest, principal and Redemption Price, in any coin or currency of the United States of America which at the

time of payment is legal tender for the payment of public and private debts. The amount of interest on the Bonds payable on each Interest Payment Date shall be computed on the basis of a 360-day year of twelve 30-day months unless a Supplemental Indenture provides otherwise with respect to the Series of Bonds authorized by that Supplemental Indenture.

(b) Each Bond shall be lettered and numbered as provided in this Indenture or the Supplemental Indenture authorizing the Series of which such Bond is a part and so as to be distinguished from every other Bond.

(c) Unless a Supplemental Indenture provides otherwise,

(1) Interest on Bonds of any Series other than interest payable at maturity or on a redemption date shall be paid to the person in whose name such Bond is registered on the Register at the close of business on the Record Date for such Interest Payment Date. Payment of interest on Bonds other than interest payable at maturity or on a redemption date shall be made by checks or drafts of the Paying Agent mailed to the registered Owners thereof at their addresses set forth in the Register unless otherwise provided in a Supplemental Indenture;

(2) Payment of interest on Bonds at maturity or on a redemption date shall be paid upon presentation and surrender of such Bonds to the Paying Agent for cancellation; and

(3) Payment of the principal or Redemption Price on Bonds shall be paid upon presentation and surrender of such Bonds to the Paying Agent for cancellation.

SECTION 305. Legends

The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Indenture as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission, brokerage board, municipal securities rulemaking board or otherwise, as may be determined by the Authority prior to the authentication and delivery thereof.

SECTION 306. Execution, Authentication and Registration

(a) The Bonds shall be signed by the Chairman of the Authority, countersigned by the Assistant Secretary of the Authority by their manual, lithographed, or facsimile signatures, and the official seal of the Authority shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by

each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the Authority had been manually impressed upon each of the Bonds.

(b) If any officer of the Authority whose manual or facsimile signature shall appear on the Bonds shall cease to be such officer before the authentication of such Bonds or before the delivery of such Bonds, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Order unless and until there appears thereon the Registrar's Authentication Certificate substantially in the form provided in a Supplemental Indenture, duly authenticated by manual execution by an officer or duly authorized signatory of the Registrar. In lieu of the executed Registrar's Authentication Certificate described above, the Initial Bond delivered at the Closing Date shall have attached hereto the Comptroller's Registration Certificate substantially in the form provided in a Supplemental Indenture, manually executed by the Comptroller, or by his duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the Authority, and has been registered by the Comptroller.

(d) On the Closing Date, the Initial Bond, being a single bond representing the entire principal amount of the Bonds, payable in stated installments to the Underwriter or its designee, executed by manual or facsimile signature of the Chairman of the Authority and the Secretary of the Authority, approved by the Attorney General, and registered and manually signed by the Comptroller, shall be delivered to the Underwriter or its designee. Upon payment for the Initial Bond, the Registrar shall cancel the Initial Bond and deliver definitive Bonds to the Registrar.

(e) The Bonds of each Series shall bear thereon a certificate of authentication, in the form set forth in this Indenture or the Supplemental Indenture authorizing such Bonds dated as of the date of authentication, executed manually by the Trustee or by an authorized signatory of the Trustee. Only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under this Indenture and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee or an authorized signatory of the Trustee. Such certificate of authentication of the Trustee upon any Bond executed on behalf of the Authority shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under this Indenture and that the Owner thereof is entitled to the benefits of this Indenture.

SECTION 307. Negotiability, Transfer and Registry

(a) The Trustee shall keep, or cause to be kept, on behalf of the Authority at the corporate trust office of the Trustee (which is hereby appointed Bond registrar for such purpose) in the City of Dallas, or such other location or locations as the Authority shall determine, a register or registers, in which, subject to such reasonable regulations as the Authority and the Trustee may prescribe, the Authority shall cause Bonds to be registered and shall transfer Bonds as in this Article III provided. Upon the transfer of any such Bond and payment of any required fees, the Authority shall issue in the name of the transferee a new Bond or Bonds or, subject to the provisions of Sections 308 and 309, of the same aggregate principal amount and maturity as the surrendered bond.

(b) The Authority and the Trustee may deem and treat the person in whose name any Bond shall be registered in the Register as the absolute Owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond and for all other purposes, and all such payments so made to any such registered Owner or upon the registered Owner's order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Authority nor the Trustee shall be affected by any notice to the contrary.

SECTION 308. Regulations with Respect to Exchanges and Transfers

In all cases in which the privilege of exchanging or transferring Bonds is exercised, the Authority shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Indenture. All Bonds surrendered in any exchanges or transfers shall forthwith be cancelled by the Trustee. For every such transfer of Bonds pursuant to this Section 308, whether temporary or definitive; the Authority or the Trustee may make a charge sufficient to reimburse it or them for any tax, fee or other governmental charge required to be paid with respect to such transfer. In addition for every exchange of Bonds (other than the exchange of temporary Bonds for definitive Bonds), the Authority or Trustee may make reasonable charges to cover the Trustee's charges and costs of printing Bonds. The payment of the sum or sums provided in this Section 308 shall be made by the Owner requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Bonds issued in exchange, substitution or replacement of other Bonds may bear a certificate of the Trustee, which may be executed in facsimile, to the effect that the Series of Bonds of which the exchanged substituted or replaced Bond is a part was approved by the Attorney General of the State of Texas or validated by a State district court and registered by the Comptroller of Public Accounts. The Trustee shall not be required to transfer or exchange Bonds for a period of 15 days next preceding the selection of Bonds for redemption or to transfer or exchange any Bonds called for redemption.

SECTION 309. Bonds; Mutilated, Destroyed, Stolen or Lost

In case any Bonds shall become mutilated or be destroyed, stolen or lost, the Authority shall execute by facsimile signature or otherwise, and thereupon the Trustee shall authenticate and deliver, a new Bond of like Series. maturity date, principal amount and interest rate per annum as the Bond, so mutilated, lost, stolen or destroyed, provided that (i) in the case of such mutilated Bond, such Bond is first surrendered to the Trustee, (ii) in the case of any such lost, stolen or destroyed Bond, there is first furnished evidence of such loss, theft or destruction satisfactory to the Trustee together with indemnity satisfactory to the Trustee, (iii) all other reasonable requirements of the Trustee are complied with, and (iv) expenses in connection with such transaction are paid by the Owner. All Bonds so surrendered to the Trustee shall be cancelled by it. Any such new Bonds issued pursuant to this Section 309 in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Authority, whether or not the Bonds alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits in the Trust Estate with all other Bonds issued under this Indenture.

SECTION 310. Temporary Bonds

(a) Until the definitive Bonds of any Series are prepared, the Authority may execute, in the same manner as is provided in Section 306, and, upon the request of the Authority, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds except as to denomination, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in denominations as provided in a Supplemental Indenture authorized by the Authority, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Authority at its own expense shall prepare and execute and, upon the surrender of such temporary Bonds, the Trustee shall authenticate and, without charge to the Owner thereof, deliver in exchange therefor, definitive Bonds, of the same aggregate principal amount and Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant to this Indenture.

(b) If the Authority shall authorize the issuance of temporary Bonds in more than one denomination, the Owner of any temporary Bond or Bonds may, at said Owner's option, surrender the same to the Trustee in exchange for another temporary Bond or Bonds of like aggregate principal amount and Series and maturity of any other authorized denomination or denominations, and thereupon the Authority shall execute and the Trustee shall authenticate and, in exchange for the temporary Bond or Bonds so surrendered and upon payment of the taxes, fees and charges as provided for in Section

308, shall deliver a temporary Bond or Bonds of like aggregate principal amount, Series and maturity in such other authorized denomination or denominations as shall be requested by such Owner.

(c) All temporary Bonds surrendered in exchange either for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith cancelled by the Trustee.

SECTION 311. Cancellation and Destruction of Bonds

Except as otherwise provided in this Indenture, all Bonds paid in full, either at or before maturity, or purchased by the Authority, shall be delivered to the Trustee when such payment or purchase is made, and such Bonds shall thereupon be promptly cancelled. Bonds so cancelled shall be retained by the Trustee in accordance with its document retention policies.

ARTICLE IV
REDEMPTION OF BONDS

SECTION 401. Privilege of Redemption and Redemption Price

Bonds subject to redemption prior to maturity shall be redeemable at such times, at such Redemption Prices and upon such terms as may be specified in the Supplemental Indenture authorizing such Series.

SECTION 402. Defeasance

The Authority reserves the right to defease the Bonds in any manner now or hereafter permitted by law.

ARTICLE V
ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

SECTION 501. The Pledge Effected by this Indenture

The Bonds are payable from and secured by the Trust Estate. The Trust Estate shall be subject to the lien on and the pledge of the Trust Estate pursuant to this Indenture without any physical delivery thereof or further act, and the lien on and the pledge of the Trust Estate pursuant to this Indenture shall be valid and enforceable as against all persons having claims of any kind in tort, contract or otherwise against the Authority regardless of whether such persons have notice thereof.

SECTION 502. Establishment of Funds

(a) The following Funds shall be created, maintained and accounted for as hereinafter provided so long as Subordinate Lien Bonds remain Outstanding:

(1) Construction Fund;

(2) Tax Fund;

(3) Revenue Fund;

(4) Subordinate Lien Debt Service Fund;

(5) Renewal and Replacement Fund;

(6) County Reimbursement Fund;

(7) Grand Parkway System Improvement Fund;

(b) The Construction Fund, the Tax Fund, the Revenue Fund, the Renewal and Replacement Fund, the County Reimbursement Fund, and the Grand Parkway System Improvement Fund shall be maintained as separate funds or accounts on the books of the County pursuant to the Joint Project Agreement and all amounts credited to such Funds shall be maintained in an official depository bank of the Authority or in a trustee bank hereafter designated by the Authority. The Subordinate Lien Debt Service Fund shall be maintained with the Trustee. The Subordinate Lien Debt Service Fund shall constitute a trust fund which shall be held in trust for the Owners of the Subordinate Lien Bonds and the proceeds of which (other than the interest income thereon, which shall be transferred to the extent herein provided to the Revenue Fund) shall be pledged to the payment of the Subordinate Lien Bonds. All of the Funds named above shall be used solely as herein provided so long as any Bonds remain Outstanding.

(c) Money and Investment Securities to the credit of the Funds and accounts created in this Section which are held by the Authority may be commingled with other money and investments of the Authority, so long as the interest of each of the Funds and accounts created in this Section is specifically identified in the Authority's accounting records and so long as amounts and investments to the credit of each Fund or Account are available at the time and in the manner required by this Indenture or any Supplemental Indenture.

SECTION 503. Flow of Funds

Except as otherwise specifically provided in this Article V, all Revenues shall be credited to the Revenue Fund as collected in the following priority:

(a) First to make or provide for all deposits, payments or transfers required by any indenture, resolution, order or other instrument creating or evidencing Senior Indebtedness payable as a first charge on Revenues, at the time and in the manner provided for in such instrument.

(b) After the payments, provisions for payment, deposits and transfers set out in subsection (a) above, to the extent not paid from other sources, Operating and Maintenance Expenses for such month shall be paid from the Revenue Fund.

(c) After the payments and provisions for payment set out in subsection (b) above, on or before the last day of each month there shall be set aside, out of money held in the Revenue Fund, the amount, if any, required to establish and maintain the Operating and Maintenance Reserve.

(d) After the payments and provisions for payments set out in subsection (c) above, money remaining in the Revenue Fund shall be used to make or provide for all deposits, payments or transfers required by any indenture, resolution, order or other instrument creating or evidencing Senior Indebtedness which is not payable as a first charge on Revenues, at the time and in the manner provided for in such an instrument.

(e) After the payments, provisions, for payment, deposits and transfers set out in subsections above, on or before the last day of each month and at such other times as shall be set forth in any Supplemental Indenture, there shall be transferred to the Subordinate Lien Debt Service Fund from any money remaining in the Revenue Fund, amounts which, when added to other amounts in the Subordinate Lien Debt Service Fund including amounts deposited from the Tax Fund, and available for such purposes, will provide for the accumulation, in substantially equal monthly installments or otherwise as may be provided in any Supplemental Indenture, of the amounts required to pay:

(1) any interest to become due and payable on each Series of Subordinate Lien Bonds Outstanding on the next Interest Payment Date for such series; and

(2) any Principal Installments to become due and payable on any Series of Subordinate Lien Bonds Outstanding on or before the next Principal Payment Date; and

(3) if provided in any Supplemental Indenture, to establish and maintain a subordinate lien debt service reserve fund or to pay any

amounts required to be paid to any bank, financial institution or other party in connection with a Credit Agreement or Qualified Hedge Agreement.

(f) After the payments and provisions for payments set out in subsection (e) above, money remaining in the Revenue Fund shall be used to make or provide for all deposits, payments or transfers required by any indenture, resolution, order or other instrument creating or evidencing Junior Lien Bonds which is not payable as a first charge on Revenues, at the time and in the manner provided for in such an instrument.

(g) After the payments, provisions for payment, deposits and transfers set out in the subsections above, and if so provided in any Supplemental Indenture or indenture evidencing Senior Indebtedness, there shall be set aside the amount required to be set aside for the renewal and replacement of the Fort Bend Grand Parkway.

(h) After all payments, provisions for payment, deposits and transfers set out above in subsection (g), there shall be transferred from the Revenue Fund to the County Reimbursement Fund the amount necessary to make the balance therein equal to the County Reimbursement Obligation; provided, however, no money shall be transferred to the County Reimbursement Fund until such time as the Net Revenues of the Project exceed the Debt Service Requirement for two consecutive Fiscal Years.

(i) After all payments, provisions for payment, deposits and transfers set out above in this Section 503 any money remaining in the Revenue Fund shall be transferred to the Grand Parkway System Improvement Fund.

SECTION 504. Construction Fund

(a) There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of this Indenture and each Supplemental Indenture, including all proceeds of the Bonds remaining after making the deposits otherwise required under this Indenture and each Supplemental Indenture. There may also be paid into the Construction Fund, at the option of the Authority, any moneys received by the Authority from any source unless otherwise required to be applied by this Indenture or any Supplemental Indenture.

(b) Amounts in the Construction Fund and interest earnings thereon shall be used to pay: (i) the Costs of the Project including the Cost of any project or projects with which the Project is proposed to be pooled, (ii) the Costs of Issuance, and (iii) Operating and Maintenance Expenses and interest on the Bonds as permitted in the Act.

(c) Amounts in the Construction Fund may be (i) used to pay Costs of the Fort Bend Grand Parkway, (ii) used to pay Costs of the Grand Parkway System, or (iii) be transferred to the Subordinate Lien Debt Service Fund for the Bonds or to any similar debt service fund for and other Senior Indebtedness or Parity Contract Obligation, and

applied to the payment of principal or Redemption Price of and interest on the Bonds or other Fort Bend Grand Parkway bonds when due.

SECTION 505. Tax Fund

(a) If the County has levied a tax pursuant to the Joint Project Agreement, upon payment of the taxes to the Authority, the Authority shall transfer all amounts then on deposit in the Tax Fund to the Subordinate Lien Debt Service Fund.

(b) Moneys in the Tax Fund shall be used solely to pay the principal or Redemption Price of and interest on the Bonds.

SECTION 506. Subordinate Lien Debt Service Fund

(a) Funds in the Subordinate Lien Debt Service Fund may only be used to pay the principal of and interest on the Bonds except as set forth in subsections (b), (c) and (d) of this Section.

(b) The Trustee shall, at any time at the written direction of the Authority, apply amounts available in the Subordinate Lien Debt Service Fund to pay the principal portion of Bonds which the Authority may purchase at a price (excluding accrued interest to the purchase date but including any brokerage or other charges) no greater than the applicable Redemption Price of such Bonds.

(c) Whenever the total amounts on deposit to the credit of the Subordinate Lien Debt Service Fund shall be equivalent to the sum of the aggregate principal amount of all Outstanding Subordinate Lien Bonds plus the aggregate amount of all interest accrued and to accrue thereon, no further transfers need be made into the Subordinate Lien Debt Service Fund, and such Subordinate Lien Bonds shall not be regarded as being Outstanding except for the purpose of being paid with the moneys credited to such Funds. Moneys credited to the Subordinate Lien Debt Service Fund shall be used solely for the purpose of paying principal (at maturity or prior redemption or to purchase Subordinate Lien Bonds issued as term bonds in the open market to be credited against mandatory redemption requirements), interest and redemption premiums on the Subordinate Lien Bonds, plus all bank charges and other costs and expenses relating to such payment.

(d) If on any Interest Payment Date or on any other date, the funds on deposit in the Subordinate Lien Debt Service Fund are insufficient to pay the Debt Service Requirements, the Authority may transfer, at its discretion, from the Tax Fund, the County Reimbursement Fund, Grand Parkway System Improvement Fund, or any other lawfully available source, to the amount sufficient to pay such Debt Service Requirements or a portion thereof.

SECTION 507. Revenue Fund-Operation and Maintenance Expenses

If in any month funds on deposit in the Revenue Fund are insufficient to pay the Operation and Maintenance Expenses, the Authority shall transfer at its discretion, from the County Reimbursement Fund, Grand Parkway System Improvement Fund, or any other lawfully available source, to the Revenue Fund the amount sufficient to pay such Operation and Maintenance Expenses.

SECTION 508. County Reimbursement Fund

On the last business day of the Fiscal Year, there shall be transferred to the County all amounts deposited in the County Reimbursement Fund. The County may use such funds for any lawful purpose for which toll revenues may be expended.

SECTION 509. Grand Parkway System Improvement Fund

(a) Amounts credited to the Grand Parkway System Improvement Fund may be used only for: 1) Costs of the Fort Bend Grand Parkway, including without limitation, to pay debt service on the Subordinate Lien Bonds, Senior Indebtedness or Junior Lien Bonds, to pay for any capital expenditures, to pay costs of replacing any depreciable property or equipment of the Fort Bend Grand Parkway, to make any major or extraordinary repairs, replacements or renewals of the Fort Bend Grand Parkway, to acquire land or any interest therein, to pay any lease or contractual obligations not paid as Operation and Maintenance Expenses, and to make any transfers required to cure any deficiencies in the funds and accounts created by this Indenture, 2) capital costs of any other segments of the Grand Parkway System outside of Fort Bend County as may be required by the Grand Parkway Agreements, and 3) thereafter to pay capital costs, including without limitation, engineering, land acquisition, and construction for any project on the County's major thoroughfare plan.

(b) The County may create, within the Grand Parkway System Improvement Fund, additional sub-accounts and funds, including a Capital Outlay Account. All such sub-accounts and funds may be established and used for the purposes of the Grand Parkway System Improvement Fund as provided in the foregoing paragraph.

(c) Funds in the Grand Parkway System Improvement Fund shall not be used for any purpose not stated herein.

SECTION 510. Deficiencies in Funds

If in any month there shall not be transferred into any Fund maintained pursuant to this Article the full amounts required herein, amounts equivalent to such deficiency shall be set apart and transferred to such Fund or Funds from the first available and unallocated · moneys in the Revenue Fund, and such transfer shall be in addition to the

amounts otherwise required to be transferred to such Funds during any succeeding month or months.

ARTICLE VI
DEPOSITORIES OF MONEYS, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

SECTION 601. Depositories

All moneys held by the Trustee under the provisions of this Indenture shall be deposited with the Trustee, including one or more Depositories in trust for the Trustee. All moneys held by the Authority under this Indenture shall be deposited with one or more Depositories in the name of the Authority. All moneys deposited under the provisions of this Indenture with the Trustee or any Depository shall be held in trust and applied only in accordance with the provisions of this Indenture, and each of the Funds and accounts established by this Indenture shall be a trust fund for the purpose of this Indenture.

SECTION 602. Deposits and Transfers

(a) All moneys held by any Depository under this Indenture may be placed on demand or time deposit, if and as directed by the Authority, provided that such deposits shall permit the moneys so held to be available for use at the time when needed. Any such deposit may be made in the commercial banking department of any Fiduciary which may honor checks and drafts on such deposit with the same force and effect as if it were not a Fiduciary. All moneys held by any Fiduciary, as such, may be deposited by the Fiduciary in its banking department on demand or, if and to the extent directed by the Authority and acceptable to the Fiduciary, on time deposit, provided that such moneys on deposit be available for use at the time when needed. The Fiduciary shall allow and credit on such moneys such interest, if any, as it customarily allows upon similar funds of similar size and under similar conditions or as required by law or contract.

(b) All moneys held under this Indenture by the Trustee or any Depository shall be continuously and fully secured for the benefit of the Authority and the Owners of the Bonds, either (a) by lodging with a Federal Reserve Bank, the Trustee, or other Fiduciary as custodian, as collateral security, direct obligations of or obligations guaranteed by the United States of America having a Fair Market Value (exclusive of accrued interest) not less than the amount of such moneys, or (b) in such other manner as may then be required by applicable Federal or State of Texas laws and regulations and applicable state laws and regulations of the state in which the Trustee or such Depository (as the case may be) is located, regarding security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that it shall not be necessary for the Fiduciaries to give security under this subsection (b) for the deposit

of any moneys with them held in trust and set aside by them for the payment of the principal or Redemption Price of or interest on any Bonds, or for the Trustee or any Depository to give security for any moneys (i) to the extent that such moneys are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or (ii) which are represented by Investment Securities purchased as an investment of such moneys.

(c) For purposes of maximizing investment returns, money in any Fund or Account held by the Authority may be invested, together with other money of the Authority, in common Investment Securities, or in a common pool of such investments which shall be kept and held at an official Depository of the Authority provided that the Authority's records specifically identify the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Funds are held by or on behalf of such Funds or Accounts.

(d) All moneys deposited with the Trustee and each Depository shall be credited to the particular Fund or Account to which such moneys belong.

(e) Any transfer required to be made from one Fund or Account to another Fund or Account held by the same Person may be made by book transfer of any moneys or investments or portions of investments without liquidating any investments in order to make such transfer unless the funds required to be transferred are needed to make payments out of the Fund or Account to which such funds were transferred at the time of transfer. Investments may also be exchanged between Funds and accounts if the Authority and the Trustee determine such transfer to be the best way to preserve the Trust Estate provided that the Trustee need not make any such determination with respect to Funds and accounts held by the Authority.

SECTION 603. Investment of Certain Funds

(a) Moneys held in the Subordinate Lien Debt Service Fund shall be invested and reinvested by the Trustee, in accordance with the written instructions from the Authority, and moneys held in the Revenue Fund, Grand Parkway System Improvement Fund, Construction Fund and Tax Fund shall be invested and reinvested by the Authority, to the fullest extent practicable and if permitted by the Act, (i) in Investment Securities the principal of which the Authority estimates will be received not later than such times as shall be necessary to provide moneys when needed for payments to be made from each such Fund or Account, or (ii) in certificates of deposit issued by or time deposits with the Trustee or any bank, trust company, national banking association, savings and loan association, savings bank or other banking institution or association organized under the laws of the United States of America or any state thereof. Such certificates of deposit or time deposits shall be collaterally secured by Investment Securities having a Fair Market Value of not less than the amount of the certificates of deposit or time deposits so secured; provided, however,

that it shall not be necessary for such certificates of deposit or time deposits to be so secured to the extent that they are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. Notwithstanding anything herein to the contrary, Investment Securities and certificates of deposit in all Funds and accounts shall mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Funds and accounts.

(b) Interest earned from investing any moneys in any Fund or profits realized from any investments in such Funds shall be retained in such Fund until it contains the amount required by this Indenture to be deposited therein; thereafter such earnings and profits, net of any losses, (except that which represents a return of accrued interest paid in connection with the purchase by the Authority or Trustee of any investment or earnings or profits from investing the Construction Fund) may be at the option of the Authority transferred, to the Revenue Fund or to the Construction Fund. Earnings and profits from investing the Construction Fund shall be retained in the Construction Fund.

(c) Trustee and its affiliates may receive compensation in connection with investments of money in the funds created under this Indenture.

SECTION 604. Valuation and Sale of Investments

(a) Investment Securities acquired as an investment of moneys in any Fund created under the provisions of this Indenture shall be at all times a part of such Fund and any profit or loss realized from the liquidation of such investment shall be applied as provided in Section 603(b).

(b) Except as otherwise provided in this Indenture, the Trustee shall sell, or present for redemption, any Investment Security so purchased as an investment whenever it shall be requested in writing by an Authorized Officer of the Authority to do so or whenever it shall be necessary in order to provide moneys to meet any payment or transfer from any Fund or Account held by it. The Trustee shall not be liable or responsible for making any such investment in the manner provided herein or for any loss resulting from any such investment.

ARTICLE VII
OTHER OBLIGATIONS

SECTION 701. Senior Indebtedness

The Authority reserves the right, without the consent of the Trustee or the Owners of the Bonds, to issue unlimited amounts of Senior Indebtedness which may be secured by a pledge or lien on Revenues and other assets of the Authority prior to the pledge and lien of the Trust Estate securing the Bonds. No action may be taken by the Authority which will diminish in any way the obligation of the County to levy taxes as

required by the Joint Project Agreement to pay the principal of or interest on the Bonds or grant any lien thereon or claim thereto which is prior to the pledge and lien of the Trust Estate securing the Bonds.

SECTION 702. Additional Subordinate Lien Bonds

The Authority reserves the right to issue, for any lawful purpose (including the refunding of any Senior Indebtedness, Subordinate Lien Bonds, Junior Lien Bonds or other obligations payable from the Trust Estate) one or more series of Additional Bonds payable from and secured by a lien on the Trust Estate; provided, however, that no Additional Subordinate Lien Bonds may be issued unless:

(a) The Authority Chairman or Authority Auditor certifies to the Trustee that no Event of Default has occurred and is continuing for which notice has been given in accordance with Section 903;

(b) The Authority Chairman certifies that the Additional Subordinate Lien Bonds are required for a purpose relating to the Project or other portions of the Grand Parkway System as the Authority may determine or for refunding bonds, notes, or other obligations issued in connection therewith;

(c) The Subordinate Lien Debt Service Fund contains, or upon the issuance of the Additional Subordinate Lien Bonds will contain, the amount of money required to be on deposit therein;

(d) Provision is made by supplementing the Indenture to provide for additional payments into the Debt Service Account sufficient to provide for any increased principal, interest and other payment requirements on the Subordinate Lien Bonds resulting from the issuance of the Additional Subordinate Lien Bonds.

SECTION 703. Parity Notes

The Authority reserves the right to issue Parity Notes, for any lawful purpose for which it may issue Subordinate Lien Bonds payable from and secured by the Trust Estate; provided, however, that no Parity Notes may be issued unless:

(a) Each of the requirements (a) through (d) contained in Section 702 has been satisfied after substituting references to Parity Notes in place of references to Additional Subordinate Lien Bonds in (b) through (d); and

(b) The payment of principal of and interest on the Parity Notes is guaranteed by or comparably secured by a Credit Agreement.

SECTION 704. Parity Credit Agreements

To the extent permitted by law, the Authority reserves the right to enter into Credit Agreements for the purpose of contracting with financial institutions or other third parties to issue letters of credit, insurance policies, surety bonds, guarantees or other instruments to further secure Subordinate Lien Bonds, Parity Notes, Parity Contract Obligations and Parity Qualified Hedge Agreements. The Authority may enter into Credit Agreements for such purpose and secure its obligations under such Credit Agreements, including its obligations to repay and reimburse the issuers of such Credit Agreements for any advances or payments that they make, by the Trust Estate; provided, however, that the Authority shall not enter into any Credit Agreement unless:

(a) The Authority Chairman or Authority Auditor certifies in writing that the acquisition and entering such Credit Agreement will reduce the overall costs to the Authority with respect to the Subordinate Lien Bonds, Parity Notes, Parity Contract Bonds or Qualified Hedge Agreements to be secured by such Credit Agreement; and

(b) The Credit Agreement and all contracts and proceedings related thereto are approved by the Attorney General of Texas to the extent required by law.

SECTION 705. Parity Contract Obligations

To the extent permitted by law, the Authority reserves the right to incur Parity Contract Obligations for any lawful purpose for which it may issue Subordinate Lien Bonds and Parity Notes payable from and secured by the Trust Estate; provided, however, that no Parity Contract Obligations may be incurred unless:

(a) Each of the requirements (a) through (d) contained in Section 702 has been satisfied (after substituting references to the Parity Contract Obligation in place of references to Additional Subordinate Lien Bonds in (b) through (d); and

(b) The Parity Contract Obligation and all procedures related thereto are approved by the Attorney General of Texas to the extent required by law.

SECTION 706. Qualified Hedge Agreements

To the extent permitted by law, including without limitation and to the extent applicable Chapter 1201, Texas Government Code, as amended, the Authority reserves the right to issue and incur for any lawful purpose in connection with the issuance of other Subordinate Lien Bonds, Parity Notes or Parity Contract Obligations, one or more Qualified Hedge Agreements, subject to compliance with the following requirements:

(a) Each Qualified Hedge Agreement, together with all proceedings and agreements relating thereto, shall be submitted to and approved by the Attorney General of Texas to the extent required by law;

(b) Each rating agency then rating any of the Subordinate Lien Bonds, Parity Notes or Parity Contract Obligations shall have certified that entering into such Qualified Hedge Agreement will not, in and of itself, cause a reduction or withdrawal of any rating then assigned to any Subordinate Lien Bonds, Parity Notes or Parity Contract Obligations; and

(c) Each of the certifications required in Subsections (a) and (d) contained in Section 702 has been satisfied (after substituting references to the Parity Hedge Agreement in place of references to Additional Subordinate Lien Bonds in (b) through (d), taking into account any increase in Average Annual Debt Service Requirements as a result of entering into such Qualified Hedge Agreement.

SECTION 707. Junior Lien Bonds

The Authority reserves the right to issue or incur, for any lawful purpose, Junior Lien Bonds which shall mean bonds or other indebtedness secured by junior and subordinate liens to the Subordinate Lien Bonds.

SECTION 708. Short Term/Demand Bonds

The Authority reserves the right to issue, from time to time, one or more series of Subordinate Lien Bonds as "Short Term/Demand Bonds" provided that the aggregate principal amount of Short Term/Demand Bonds Outstanding at any time may not exceed 30% of the aggregate principal amount of Subordinate Lien Bonds Outstanding at the time of issuance of the last series of Short Term/Demand Bonds; provided, however, that no such Short Term/Demand Bonds may be issued without satisfying the applicable provisions of Section 702 above; provided further, however, that no Short Term/Demand Bond shall be subject to the limitations as to maximum principal amount as set forth above during any period of time that the Authority's financial advisor certifies that the Authority's variable or adjustable interest rate exposure under such Short Term/Demand Bond is substantially hedged pursuant to a Qualified Hedge Agreement pursuant to which the maximum net rate of interest that the Authority is obligated to pay (after taking into account all payments to be made by such counter-party) does not exceed the interest rate certified with respect to such Short Term/Demand Bonds by such financial advisor pursuant to paragraph (ii) clause (1) of the definition of Debt Service Requirements.

ARTICLE VIII
PARTICULAR COVENANTS OF THE AUTHORITY

The Authority represents, covenants and agrees with the Trustee and the Bondowners as follows:

SECTION 801. Payment of Bonds

The Authority shall duly and punctually pay or cause to be paid, but solely from the Trust Estate, the payments of the County under the Joint Project Agreement, including the Revenues and taxes, the proceeds of the Bonds, other funds pledged therefor by this Indenture, the principal or Redemption Price of every Bond and the interest thereon, at the dates and places and in the manner mentioned in the Bonds. The Authority shall not amend the Joint Project Agreement in any way that would impair, in any material respect, its ability to pay the principal or Redemption Price of and interest on the Bonds. The Authority agrees to take all actions necessary and appropriate to insure that the Joint Project Agreement remains in full force and effect so long as the Bonds remain outstanding under the Indenture.

SECTION 802. Money for Bond Payments to be Held in Trust

If the Authority shall at any time act as its own Paying Agent, it will, on or before each due date of the principal of and premium, if any, or interest on, any of the Bonds, segregate and hold in trust for the benefit of the Owners of the Bonds entitled thereto a sum sufficient to pay the principal and Redemption Price, or interest so becoming due until such sums shall be paid to such Owners of the Bonds or otherwise disposed of as herein provided, and will promptly notify the Trustee of its action of failure so to act.

Whenever the Authority shall have one or more Paying Agents, it will, prior to each payment date of the principal and Redemption Price, or interest on, any Bonds, deposit with a Paying Agent a sum sufficient to pay the principal and Redemption Price, or interest, so becoming due, such sum to be held in trust for the benefit of the Owners of the Bonds entitled to such principal, Redemption Price or interest, and (unless such Paying Agent is the Trustee) the Authority will promptly notify the Trustee of its action or failure so to act.

The Authority will cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

(a) hold all sums held by it for the payment of principal and Redemption Price, or interest on Bonds in trust for the benefit of the Owners of the Bonds entitled thereto until such sums shall be paid to such Owners of the Bonds or otherwise disposed of as herein provided;

(b) give the Trustee notice of any default by the Authority (or any other obligor upon the Bonds) in the making of any such payment of principal, Redemption Price, or interest; and

(c) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The Authority may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or direct any Paying Agent to pay, to the Trustee all sums held in trust by the Authority or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Authority or such Paying Agent; and upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

SECTION 803. Power to Adopt Indenture. Issue Bonds and Pledge Trust Estate

The Authority is duly authorized under all applicable laws to create and issue the Bonds and to adopt this Indenture and to pledge the Trust Estate purported to be pledged by this Indenture in the manner and to the extent provided in this Indenture and no other authorization or consent is required therefor. The Trust Estate so pledged is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto except the pledge granted by this Indenture to the extent provided in this Indenture and all corporate and other action on the part of the Authority to that end has been and will be duly and validly taken. The Indenture has been duly and lawfully adopted by the Authority, is in full force and effect and is valid and binding upon the Authority and enforceable in accordance with its terms. The Bonds and the provisions of this Indenture are and will be the valid and legally enforceable obligations of the Authority in accordance with their terms and the terms of this Indenture subject only to the laws relating to bankruptcy, creditors' rights and principles of equity. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect its title to the Trust Estate, the pledge of the Trust Estate under this Indenture and all the rights of the Bondowners under this Indenture against all claims and demands of all persons whomsoever.

SECTION 804. Toll Plan

After the Project or any part thereof is completed and in operation, the Authority will endeavor at all times to adopt and keep in effect for so long as any Bonds or other obligations under this Indenture are outstanding a plan for charging and imposing tolls and maintaining toll collecting facilities and a schedule of rates of tolls, which will generate during each Fiscal year an amount of Net Revenues which, together with amounts held in Subordinate Lien Debt Service Fund as of the last day of the preceding

Fiscal Year, will at least equal 100% of the amounts required to pay Aggregate Debt Service on the Bonds in such Fiscal Year, subject to the limits, if any, imposed by the Grand Parkway Agreements.

SECTION 805. Classification of Tolls

The Authority covenants that tolls will be classified in a reasonable way to cover all traffic, so that the tolls will be uniform in application to all traffic falling within any reasonable class regardless of the status or character of any person, firm or corporation participating in the traffic, that no reduced rate of toll will be allowed within any such class except through the use of commutation or other tickets or privileges based upon frequency or volume or other method which the Traffic Engineers may recommend will produce the maximum amount of Net Revenues, and that no free vehicular passage will be permitted on the Project other than its approaches and service roads, except to members, officers, employees, agents, and representatives of the Authority, the County, and the school districts of the State, and police officers and emergency vehicles of the United States, of the State and of its political subdivisions, or other persons when the Commissioners Court determines that such use is in the public's interest or the interest of the Project such as, without limitation (a) during periods of emergency or calamity, or (b) during such periods as the Traffic Engineers may determine that the cost of collection of the tolls and charges will not justify the collection thereof.

SECTION 806. Consulting Engineers Reports on Project

The Authority will cause the Consulting Engineers to make an inspection of the Project or part or parts thereof which have been completed from time to time and to submit to the Authority a report setting forth (a) their findings whether the Project has been maintained in good repair, working order and condition, (b) their advice and recommendations as to the proper maintenance, repair, and operation of the Project during the ensuring Fiscal Year and an estimate of the amount of money necessary for such purposes, including their recommendations as to the total amounts and classifications of items and amounts that should be provided for Operating and Maintenance Expenses in the Annual Budget for the next ensuing fiscal year, and (c) their advice and recommendations as to the insurance to be carried under the provisions of this Indenture. Copies of such reports shall be filed with the Trustee.

SECTION 807. Annual Budget

After the Project or any part thereof is completed and operational, the Authority will prepare and file with the Trustee an Annual Budget for each year. Each Annual Budget shall include the estimated Operating and Maintenance Expenses for such year, in addition to the amount required to establish and maintain the Operating and Maintenance Reserve. Each Annual Budget may set forth such additional material as the Authority may determine. The Authority may, at any time, adopt an amended

Annual Budget or Budgets for the remainder of the then current year. Until a new Annual Budget is adopted the prior year's Annual Budget shall be deemed to be the Annual Budget for that year.

SECTION 808. Limitation on Operating and Maintenance Expenses

All payments for maintenance, repair and operation of the Project in any year will not exceed the reasonable amount required therefor, and the Authority will not expend any amount or incur any obligations for maintenance, repair, and operation or otherwise in excess of the amounts provided for Operating and Maintenance Expenses in the Annual Budget, or amended or supplemental Annual Budget, unless the Authority Chairman determines that such expenditure is necessary and there is not time to amend or supplement the Budget. Nothing in this Section contained shall limit the amount which the Authority may expend for Operating and Maintenance Expenses in any year.

SECTION 809. Accounts and Reports

(a) The Authority shall keep proper books of records and accounts in which complete and correct entries shall be made of its transactions in accordance with Generally Accepted Accounting Principles. The Funds and Accounts established by this Indenture, such books, and all other books and papers of the Authority, shall, to the extent permitted by law, at all times be subject to the inspection of the Trustee and the Owners of an aggregate of not less than 5% in principal amount of the Bonds Outstanding or their representatives duly authorized in writing. The Authority will permit the Trustee, such Bondowners, and their agents, auditors, attorneys and counsel, at all reasonable times, to take copies and extracts from the books of record and account, and will from time to time furnish, or cause to be furnished, to the Trustee such information and statements as the Trustee may reasonably request, all as may be reasonably necessary for the purpose of determining performance or observance by the Authority of the covenants, conditions and obligations contained in this Indenture.

(b) The Trustee shall advise the Authority within 15 days after the end of each month of its transactions during such month relating to the Funds and accounts held by it under this Indenture.

(c) The Authority shall annually, within 150 days or as soon thereafter as possible after the close of each Fiscal Year beginning with the 2013 Fiscal Year, file with the Trustee, and otherwise as provided by law, a copy of an annual report for such year containing the financial statements of the Project, prepared in accordance with Generally Accepted Accounting Principles. The Accountant shall render an opinion covering their examination of such financial statements made in accordance with generally accepted auditing standards.

(d) The Authority reserves the right to create subaccounts within any Account or Fund created by this Indenture or any Supplemental Indenture when in the judgment of the Authority the creation of such subaccount will enable the Authority to administer the Project or regulate investments or limit returns on such investments

SECTION 810. Construction Contracts

The Authority covenants and agrees that before entering into any construction contract it will secure the recommendation of the County and that it will require each person, firm or corporation with whom it may contract for labor or materials in connection with the construction of the Project or any part thereof to furnish a performance bond and a payment bond in the full amount of any contract to the extent required by law, and to carry such workmen's compensation or employer's liability insurance as may be required by law. The Authority further covenants and agrees that the proceeds of any such performance bond will forthwith, upon receipt of such proceeds, be applied toward the completion of the contract in connection with which such performance bond and a payment bond shall have been furnished.

All contracts of the Authority for the construction, improvement, repair or maintenance of the Project shall be made and awarded in accordance with law.

SECTION 811. Rules and Regulations; Maintenance of Project

The Authority covenants that it will establish and enforce reasonable rules and regulations governing the use of the Project and the operation thereof will be reasonable, that no more persons will be employed by it than are necessary, that it will maintain and operate the Project in an efficient and economical manner, that, from the Revenues or other moneys legally available therefor, it will at all times maintain the same in good repair and in sound operating condition and will make all necessary repairs, renewals and replacements, and that it will comply with all valid acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to the Project.

SECTION 812. Payment of Lawful Claims

The Authority covenants that, from the Trust Estate, it will pay or cause to be discharged, or will make adequate provision to satisfy and discharge, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the Trust Estate; provided, however, that nothing in this Section contained shall require the Authority to pay or cause to be discharged, or make provision for, any such lien or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

SECTION 813. Consulting Engineers; Traffic Engineers

The Authority covenants that, until the Bonds and the interest thereon shall have been paid or provision for such payment shall have been made, it will employ Consulting Engineers or Traffic Engineers as necessary to comply with this Indenture.

SECTION 814. Insurance

The Authority covenants that during the construction of the Project or any part thereof it will carry or cause to be carried such builders' risk insurance, if any, as shall be recommended by the Consulting Engineers.

SECTION 815. General

(a) The Authority will at all times maintain its corporate existence or assure the assumption of its obligations under this Indenture by any public body succeeding to its powers under the Act, and it will use its best efforts to maintain, preserve and renew all the rights and powers provided to it by the Act.

(b) The Authority shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Authority under the provisions of the Act, this Indenture and any other law or regulation applicable to the Authority.

SECTION 816. Further Assurances

At any and all times the Authority shall, so far as it may be authorized by law, do all things and pass, make, do, execute, acknowledge and deliver, all and every such further indentures, resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, granting, pledging, assigning and confirming the Trust Estate, Revenues, Funds, Accounts, Investment Securities held in any Fund or Account hereunder, and the Authority's right, title and interest in and to the foregoing, and all other moneys, securities and funds hereby pledged or assigned, or intended so to be, or which the Authority may become bound to pledge or assign.

SECTION 817. Right to Adopt Other General Bond Resolutions and Indentures

The Authority expressly reserves the right to adopt one or more other general bond resolutions, orders or indentures including those for projects similar to the Project and reserves the right to issue other obligations or enter into contracts which constitute Senior Indebtedness which may be secured by a pledge or lien on Revenues and other assets of the Authority prior to or ranking equal to the pledge and lien of the Trust Estate securing the Bonds.

SECTION 818. Sale or Encumbrance of Project

The Authority covenants that, until the Bonds and interest thereon have been paid or provision for such payment shall have been made, and except as in this Indenture otherwise permitted, it will not sell, lease or otherwise dispose of or encumber (except for Permitted Encumbrances and liens and pledges securing Senior Indebtedness) the Project or any part thereof unless it determines that such sale, lease or other disposal or encumbrance is in the best interest of the Project.

SECTION 819. [intentionally omitted]

SECTION 820. Contracts with Other Persons

The Authority reserves the right to enter into contracts with any Person providing for:

(a) the joint construction, acquisition, improvement, operation, repair, maintenance or replacement of the Project or the Grand Parkway System or any part thereof.

(b) the operation, repair or maintenance of the Project or the Grand Parkway System or any part thereof.

Any contract entered into by the Authority pursuant to the provisions of this Section may contain such provisions and be upon such terms and conditions as the Authority deems advisable and may provide for payments thereunder which constitute Senior Indebtedness.

SECTION 821. Continuing Disclosure. The Authority may include in any Supplemental Indenture the applicable continuing disclosure undertaking for a Series or multiple Series of Bonds.

ARTICLE IX
DEFAULT AND REMEDIES

SECTION 901. Remedies

Subject to the provisions of this Indenture, the Bondowners and the Trustee acting for all of the Bondowners shall be entitled to all of the rights and remedies provided in the Act, to the date of adoption of this Indenture, and to all of the rights and remedies otherwise provided or permitted by law or this Indenture as it may be supplemented.

SECTION 902. Events of Default

Each of the following events is hereby declared an "Event of Default" under this indenture:

(a) if default shall be made in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise;

(b) if default shall be made in the due and punctual payment of any installment of interest on any Bond, when and as such interest installment shall become due and payable, and such default shall continue for a period of 30 days;

(c) if default shall be made by the Authority in the performance or observance of any other of the covenants, agreements or conditions on its part contained in this Indenture or in the Bonds, and such default shall continue for a period of 60 days after written notice thereof to the Authority by the Trustee or to the Authority and to the Trustee by the Owners of not less than 25% in principal amount of the Bonds Outstanding;

(d) if the Authority shall: (a) file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization, arrangement, readjustment or composition of its debts or for any other relief under the Federal bankruptcy laws or under any other insolvency act or law, State or Federal, now or hereafter existing; (b) take any action indicating its consent to, approval of, or acquiescence in, any such petition or proceeding; (c) apply for, or consent or acquiesce in the appointment of, a receiver or a trustee of the Authority or for all or a substantial part of its property; (d) make an assignment for the benefit of creditors; or (e) be unable, or admit in writing its inability, to pay its debts as they mature; or

(e) if proceedings shall be commenced against the Authority, without its authorization, consent or application, in bankruptcy or seeking reorganization, arrangement, readjustment or composition of its debts or for any other relief under the Federal bankruptcy laws or under any other insolvency act or law, State or Federal, now or hereafter existing, or seeking the involuntary appointment of a receiver or trustee of the Authority or for all or a substantial part of its property, and the same shall continue for 90 days undismissed or undischarged or shall result in the adjudication of bankruptcy or insolvency.

SECTION 903. Notice of Default

The Trustee shall not be required to give notice to the Authority of any Event of Default hereunder; provided, however, that upon written request of the Owners of not less than 25% in aggregate principal amount of the Bonds Outstanding, the Trustee

shall give written notice to the Authority of any default or breach constituting an Event of Default under subparagraph (iii) of Section 902 of this Indenture.

SECTION 904. Actions by Trustee

If an Event of Default hereunder shall occur and be continuing, then the Trustee may and, upon the written request of the Owners of not less than 25% in aggregate principal amount of the Bonds Outstanding, shall:

(a) by mandamus or other suit, action or proceeding at law or in equity require the Authority to perform its covenants, representations and duties under this Indenture;

(b) bring suit upon the Bonds;

(c) by action or suit in equity require the Authority to account as if it were the trustee of an express trust for the Owners of the Bonds;

(d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Bonds; or

(e) take such other steps to protect and enforce its rights and the rights of the Owners of the Bonds, whether by action, suit or proceeding in aid of the execution of any power herein granted or for the enforcement of any other appropriate legal or equitable remedy.

SECTION 905. Judicial Proceeding

If an Event of Default hereunder shall occur and be continuing, then the Trustee may, and upon written request by the Owners of not less than 25% in aggregate principal amount of the Bonds Outstanding, and upon being indemnified, to its satisfaction, shall, proceed by suit or suits, at law or in equity or by any other appropriate legal or equitable remedy, to enforce payment of the principal of and interest on the Bonds under a judgment or decree of a court or courts of competent jurisdiction or by the enforcement of any other appropriate legal or equitable remedy, as the Trustee shall deem most effectual to protect and enforce any of its rights or the rights of the Bondowners hereunder.

SECTION 906. Application of Proceeds

The proceeds received by the Trustee pursuant to the exercise of any right or remedy under this Article IX shall, together with all securities and other moneys which may then be held by the Trustee as a part of the Trust Estate, be applied in order, as follows:

(a) to the payment of the reasonable and proper charges, expenses and liabilities of the Trustee;

(b) to the payment of the amounts required for reasonable and necessary Operating and Maintenance Expenses allocable to the Bonds, this Indenture or the Project;

(c) to the payment of the interest and principal or Redemption Price then due on the Bonds, as follows:

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

SECTION 907. Appointment of Receivers

If an Event of Default hereunder shall occur and be continuing, and upon filing of a bill in equity or commencement of other judicial proceedings to enforce the rights of the Trustee and the Bondowners hereunder, the Trustee shall be entitled as a matter of right, and to the extent permitted by law, to the appointment of a receiver or receivers of the Trust Estate, and the income, revenues, profits and use thereof pending such proceedings, with such powers as the court making such appointment shall confer.

SECTION 908. Trustee May Act Without Possession of Bonds

All rights of action under this Indenture or under any Bonds may be enforced by the Trustee without possession of any of the Bonds or the production thereof if any trial or other proceedings relative thereto, and any such suit or proceedings instituted by the Trustee shall be brought in its name, as Trustee for the ratable benefit of the Owners of the Bonds, subject to the provisions of this Indenture.

SECTION 909. Trustee as Attorney in Fact

The Trustee is hereby appointed (and the Owners of the Bonds, by taking and holding same from time to time, shall be deemed to have so appointed the Trustee) the true and lawful attorney in fact of the Owners of the Bonds, with authority to make or file, in the names of the Owners of the Bonds, or on behalf of all Owners of the Bonds as a class, any proof of debt, amendment to proof of debt, petition or other document, and to do and perform any and all acts and things for and in the name of the Owners of the Bonds as a class as may be necessary or advisable, in the judgment of the Trustee, in order to have the claims of the Owners of the Bonds against the Authority allowed in any equity receivership, insolvency, liquidation, bankruptcy, reorganization or other proceedings to which the Authority shall be a party and to receive payment of or on account of such claims. Any such receiver, assignee, liquidator or trustee is hereby authorized by each of the Owners of the Bonds to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Bondowners, to pay to the Trustee any amount due for compensation and expenses of the Trustee, including counsel fees, incurred up to the date of such distribution, and the Trustee shall have full power of substitution and delegation in respect of any such powers; provided, however, that nothing herein contained shall be deemed to authorize and empower the Trustee to take any of the foregoing actions upon behalf of any Owner of any Bond issued hereunder who shall take such action in his own behalf individually or through other agents or attorneys, or to consent to, or accept or adopt, on behalf of any Owner of any Bond, any plan of reorganization or readjustment of the Authority affecting the Bonds.

SECTION 910. Remedies Not Exclusive

No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds, or now or hereafter existing at law or in equity or by statute.

SECTION 911. Limitation on Suits

All rights of action in respect of this Indenture shall be exercised only by the Trustee, and no Owner of any Bond issued hereunder shall have any right to institute any suit, action or proceeding at law or in equity for the appointment of a receiver or for any other remedy hereunder or by reason hereof, unless and until the Trustee shall have received a written request of the Owners of not less than 25% in aggregate principal amount of the Bonds Outstanding and shall have been furnished reasonable indemnity and shall have refused or neglected for 10 days thereafter to institute such suit, action or proceedings and no direction inconsistent with such written request has been given to the Trustee during such to-day period by the Owners of a majority in principal amount of the Bonds Outstanding. The making of such request and the

furnishing of such indemnity shall in each and every case be conditions precedent to the execution and enforcement by any Owner of any Bond of the powers and remedies given to the Trustee hereunder and to the institution and maintenance by any such Owner of any action or cause of action for the appointment of a receiver or for any other remedy hereunder, but the Trustee may, in its discretion, and when thereunto duly requested in writing by the Owners of not less than 25% in aggregate principal amount of the Bonds Outstanding and when furnished indemnity satisfactory to protect it against expenses, charges and liability shall, forthwith, take such appropriate action by judicial proceedings or otherwise in respect of any existing default on the part of the Authority as the Trustee may deem expedient in the interest of the Owners of the Bonds.

Nothing contained in this Article IX, however, shall affect or impair the right of any Bondowner, which shall be absolute and unconditional, to enforce the payment of the principal of, premium, if any, and interest on the Bonds of such Owner, but only out of the moneys for such payment as herein provided, or the obligation of the Authority, which shall also be absolute and unconditional, to make payment of the principal of, premium, if any, and interest on the Bonds issued hereunder, only out of the funds provided herein for such payment, to the respective Owners thereof at the time and place stated in said Bonds.

SECTION 912. Right of Owners of the Bonds to Direct Proceedings

Notwithstanding any provision of this Indenture to the contrary, the Owner or Owners of more than 50% in aggregate principal amount of the Bonds Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the pursuit or exercise of any remedy available to the Trustee or any trust or power conferred on the Trustee or any other proceedings hereunder; provided, however, that the Trustee shall have been satisfactorily indemnified and that such direction shall not be contrary to law or the provisions of this Indenture, and the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall determine that the proceeding so directed would involve it in personal liability or would be unjustly prejudicial to the Owners of the Bonds not consenting.

SECTION 913. Restoration of Rights and Remedies

If the Trustee or any Owner of a Bond has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Owner of a Bond, then and in every such case, the Authority, the Trustee and the Owners of the Bonds shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights

and remedies of the Trustee and the Owners of the Bonds shall continue as though no such proceeding had been instituted.

SECTION 914. Waiver of Stay or Extension Laws

To the extent that it may lawfully do so, the Authority covenants that it will not at any time insist upon, plead or in any manner whatsoever claim or take the benefit or advantage of any stay or extension law, whenever or wherever enacted, which may affect the covenants or the performance of this Indenture. The Authority also covenants that it will not otherwise hinder, delay or impede the execution of any power herein granted to the Trustee.

SECTION 915. Delay or Omission Not Waiver

No delay or omission of the Trustee or of any Owner of any Bond to exercise any right or remedy accruing upon any Event of Default hereunder shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article IX or by law to the Trustee or to the Owners of the Bonds may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Owners of the Bonds, as the case may be.

SECTION 916. Notice to Owners of the Bonds of Default

The Trustee shall promptly send to registered Owners of Bonds, written notice of the occurrence of any Event of Default known to the Trustee.

ARTICLE X
CONCERNING THE FIDUCIARIES

SECTION 1001. Trustee; Appointment and Acceptance of Duties

Wells Fargo Bank, N.A. is hereby appointed as Trustee. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing this Indenture.

SECTION 1002. Paying Agents: Appointment and Acceptance of Duties

(a) The Authority shall appoint one or more Paying Agents for the Bonds of each Series and may at any time or from time to time appoint one or more other Paying Agents having the qualifications set forth in Section 1013 for a successor Paying Agent The Trustee may be appointed as Paying Agent.

(b) Each Paying Agent, other than the Trustee, shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the Authority and to the Trustee a written acceptance thereof.

(c) Unless otherwise provided, the designated office of the Paying Agents are designated as the respective offices or agencies of the Authority for the payment of the interest on and principal or Redemption Price of the Bonds.

SECTION 1003. Responsibilities of the Trustee

(a) The recitals of fact herein and in the Bonds contained shall be taken as the statements of the Authority and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of any Bonds issued hereunder or as to the security afforded by this Indenture, and the Trustee shall not incur any liability in respect thereof. The Trustee shall, however, be responsible for its representation contained in its certificate on the Bonds. The Trustee shall not be under any responsibility or duty with respect to the application of any moneys paid to the Authority or moneys collected by the Authority prior to the delivery thereof to the Trustee. The Trustee shall not be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own moneys, unless properly indemnified.

(b) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants shall be read into this Indenture against the Trustee. In case an Event of Default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of said person's own affairs. The Trustee shall not be required to take notice or be deemed to have notice or knowledge of any default hereunder except failure by the Authority to cause to be made any of the payments required to be made under Article V unless the Trustee shall be specifically notified in writing of the default by the Authority or by the Owners of not less than 15% in principal amount of the Bonds Outstanding. All notices or other instruments required by this Indenture to be delivered to the Trustee must, to be effective, be delivered at the designated corporate trust office of the Trustee, and in the absence of the notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid. Any provision of this Indenture relating to action taken or to be taken by the Trustee or the evidence upon which the Trustee may rely shall be subject to the provisions of this Section 1003.

SECTION 1004. Other Matters Related to the Trustee

(a) The Trustee, upon receipt of any notice, indenture, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of this Indenture, shall examine such instrument to

determine whether it conforms to the requirements of this Indenture and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may or may not be of counsel to the Authority, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Indenture in good faith and in accordance therewith.

(b) Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer of the Authority, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Indenture upon the faith thereof; but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may deem reasonable.

(c) Except as otherwise expressly provided in this Indenture, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the Authority to the Trustee shall be sufficiently executed if executed in the name of the Authority by an Authorized Officer of the Authority.

(d) Subject to the provisions of subsection (b) of Section 1003, the Trustee shall perform the duties and only the duties as are specifically set forth in this Indenture. The duties, obligations and liabilities of the Trustee shall be determined by the express provisions of this Indenture, and no other implied covenants or obligations shall be read into this Indenture against the Trustee. No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(1) this subsection shall not be construed to limit the effect of subsection (b) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Bondholders as provided herein relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

(e) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, receivers, agents or employees but shall not be answerable for the conduct of attorneys and receivers who have been selected by it with

reasonable care, and may in all cases pay reasonable compensation to all attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof.

(f) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises. Subject to the provisions of subsection (b) of Section 1003, the permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

(g) The Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of the action by the Trustee reasonably deemed desirable by it for the purpose of establishing the right of the Authority to the authentication of any Bonds or the taking of any other action by the Trustee.

(h) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Bondholders pursuant to this Indenture, unless such Bondholder shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities (except as may result from the Trustee's own negligence or willful misconduct) which might be incurred by it in compliance with such request or direction.

(i) The Trustee shall have no duty to inquire as to the performance of convenants of the Authority hereunder, except as may be expressly provided herein.

SECTION 1005. Compensation

The Authority shall pay to the Trustee from time to time reasonable compensation for all services rendered under this Indenture, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Indenture. The Authority further agrees, to the extent permitted by law, to reimburse the Trustee against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to its negligence or willful misconduct. The Authority shall also pay reasonable compensation to the Paying Agent for their services. The term "reasonable" as used in this Section 1005 with respect to compensation, expenses, charges, and counsel fees shall mean amounts charged as compensation, expenses, services and counsel fees by comparable Texas institutions rendering similar services to other persons.

SECTION 1006. Certain Permitted Acts

The Trustee may become the owner of any Bonds, with the same rights it would have if it were not the Trustee. To the extent permitted by law, the Trustee may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondowners or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not any such committee shall represent the Owners of a majority in principal amount of the Bonds Outstanding.

SECTION 1007. Resignation of Trustee

The Trustee may at any time resign and be discharged of the duties and obligations created by this Indenture by giving not less than 60 days written notice to the Authority of the date it desires to resign, and sending written notice to the Owners of all Bonds registered as to principal. Such resignation shall take effect immediately on the appointment of a successor Trustee pursuant to Section 1009 hereof.

SECTION 1008. Removal of Trustee

The Trustee may be removed, with or without cause, at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Owners of a majority in principal amount of the Bonds Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Authority.

SECTION 1009. Appointment of Successor Trustee

(a) In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged as bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the Owners of a majority in principal amount of the Bonds Outstanding, excluding any Bonds held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and acknowledged by such Bondowners or by their attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to the Authority and the predecessor Trustee; provided, nevertheless, that unless a successor Trustee shall have been appointed by the Bondowners as aforesaid, the Authority by duly executed written instrument signed by an Authorized Officer of the Authority shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by the Bondowners as authorized in this Section 1009. The Authority shall mail notice of such appointment to the Registered Owners. Any successor Trustee

appointed by the Authority shall, immediately and without further act, be superseded by a Trustee appointed by the Bondowners.

(b) If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section 1009 within 45 days after the Trustee shall have given to the Authority written notice as provided in Section 1007 or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, its removal, or for any other reason whatsoever, the Trustee (in the case of a resignation under Section 1007) or the Owner of any Bond (in any case) may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

(c) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a bank, or trust company or national banking association, doing business and having its principal office in the State of Texas, and having capital stock and surplus aggregating at least $50,000,000, if there be such a bank, or trust company or national banking association, willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture.

SECTION 1010. Transfer of Rights and Property to Successor Trustee

Any successor Trustee appointed under this Indenture shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Authority, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the Authority, or of the successor Trustee, execute, acknowledge and deliver such instruments of assignment and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under this Indenture, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any instrument in writing from the Authority be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Authority. Any such successor Trustee shall promptly notify any Paying Agents of its appointment as Trustee.

SECTION 1011. Merger or Consolidation

Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, and shall be authorized by law to perform all the duties imposed upon it by this Indenture, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act.

SECTION 1012. Adoption of Authentication

In case any of the Bonds contemplated to be issued under this Indenture shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated; and in case any of the said Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the predecessor Trustee, or in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in said Bonds or in this Indenture provided that the certificate of the Trustee shall have.

SECTION 1013. Resignation or Removal of Paying Agent and Appointment of Successor

(a) Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 60 days written notice to the Authority, the Trustee, and the other Paying Agents, if any. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by the Authority. Any successor Paying Agent shall be appointed by the Authority with the approval of the Trustee and shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, having capital stock and surplus aggregating at least $50,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture.

(b) In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent appointed by the Authority, the Trustee shall act as such Paying Agent.

ARTICLE XI
SUPPLEMENTAL INDENTURES

SECTION 1101. Supplemental Indentures Effective Upon Filing with the Trustee

For anyone or more of the following purposes and at any time or from time to time, a Supplemental Indenture of the Authority may be executed, which, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority, shall be fully effective in accordance with its terms:

(a) To authorize Bonds of a Series and, in connection therewith to specify and determine the matters and things referred to in Article III hereof and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with this Indenture as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first delivery of such Bonds;

(b) To close this Indenture or any Supplemental Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in this Indenture or any Supplemental Indenture on, the delivery of Bonds or the issuance of other evidences or indebtedness;

(c) To add to the covenants and agreements of the Authority in this Indenture or any Supplemental Indenture, other covenants and agreements to be observed by the Authority which are not contrary to or inconsistent with this Indenture or the applicable Supplemental Indentures as theretofore in effect;

(d) To add to the limitations and restrictions in this Indenture or any Supplemental Indenture other limitations and restrictions to be observed by the Authority which are not contrary to or inconsistent with this Indenture or the applicable Supplemental Indenture as theretofore in effect, of the Trust Estate;

(e) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Indenture or any Supplemental Indenture, of the Trust Estate;

(f) To modify any of the provisions of this Indenture or any Supplemental Indenture in any respect whatever, provided that (i) such modification shall be, and be expressed to be, effective only after all Outstanding Bonds of any Series at the date of the adoption of such Indenture or Supplemental Indenture shall cease to be Outstanding Bonds; and (ii) such Supplemental Indenture shall be specifically referred to in the text of all Bonds of any Series delivered after the date of the adoption of such Supplemental Indenture and of Bonds issued in exchange therefore or in place thereof;

(g) To modify, amend or supplement this Indenture or any Supplemental Indenture in such manner as to permit, if presented, the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar Federal statute hereafter in effect or under any state Blue Sky Law;

(h) To surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of this Indenture, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Authority contained in this Indenture;

(i) To alter the definition of Net Revenues by adding or deleting thereto, provided the payment of the principal and Redemption Price of and interest on the Bonds is not otherwise impaired;

(j) To pool the Project with one or more other projects as now or hereafter permitted by the Act, subject to the requirements of the Grand Parkway Agreements to the extent applicable;

(k) To change the flow of Revenues provided in Article V;

(l) To alter the covenants of the Authority contained in Sections 804, 805, 806, 810, and 811, except with respect to Sections 804 and 805, provided the payment of the Principal and Redemption Prices of and interest on the Bonds is not otherwise impaired;

(m) To increase the interest rate or rates on the Bonds of any Series; or

(n) To designate new Paying Agents for the Bonds of any Series.

No Supplemental Indenture shall alter the obligation of the County to levy taxes as required by the Joint Project Agreement.

SECTION 1102. Supplemental Indentures Effective Upon Consent of Trustee

For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture may be executed, which, upon (i) the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority, and (ii) the filing with the Trustee and the Authority of an instrument in writing made by the Trustee consenting thereto, shall be fully effective in accordance with its terms:

(a) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Indenture; or

(b) To insert such provisions clarifying matters or questions arising under this Indenture as are necessary or desirable and are not contrary to or inconsistent with this Indenture as theretofore in effect;

(c) To provide for additional duties of the Trustee in connection with the Trust Estate or the Project; or

(d) To modify any of the provisions of this Indenture or any Supplemental Indenture in any respect whatsoever, provided that such action shall not adversely affect the interest of the owners of Outstanding Bonds of any Series.

Any such Supplemental Indenture may also contain one or more of the purposes specified in Section 1101, and in that event, the consent of the Trustee required by this Section shall be applicable only to those provisions of such Supplemental Indenture as shall contain one or more of the purposes set forth in subsections (a), (b), or (c) of this Section.

SECTION 1103. Supplemental Indentures Effective With Consent of Bondowners

At any time or from time to time, a Supplemental Indenture may be adopted subject to consent by Bondowners in accordance with and subject to the provisions of Article XII, which Supplemental Indenture, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority and upon compliance with the provisions of said Article XII, shall become fully effective in accordance with its terms as provided in said Article XII.

SECTION 1104. General Provisions

(a) The Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to provisions of this Article XI and Article XII. Nothing in this Article XI or Article XII contained shall affect or limit the right or obligation of the Authority to adopt, make, do, execute, acknowledge or deliver any indenture, resolution, act or other instrument pursuant to the provisions of Article VII or the right or obligation of the Authority to execute and deliver to the Trustee any instrument which elsewhere in this Indenture it is provided shall be delivered to the Trustee.

(b) Any Supplemental Indenture referred to and permitted or authorized by Sections 1101 and 1102 may be adopted by the Authority without the consent of any of the Bondowners, but shall become effective only on the conditions, to the extent and at the time provided in said Sections, respectively. The copy of every Supplemental Indenture when filed with the Trustee shall be accompanied by a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully adopted in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture, and is valid and binding upon the Authority.

(c) The Trustee is hereby authorized to accept the delivery of a certified copy of any Supplemental Indenture referred to and permitted or authorized by Section 1101, 1102 or 1103 and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying on an opinion of counsel (which may be a Counsel's Opinion) that such Supplemental Indenture is authorized or permitted by the provisions of this Indenture.

(d) No Supplemental Indenture shall change or modify any of the rights or obligations of the Trustee without its written consent thereto.

ARTICLE XII
AMENDMENTS

SECTION 1201. Mailing of Notice

(a) Any provision in this Article for the sending of a notice or other paper to Bond Owners shall be fully complied with if it is mailed postage prepaid only or in accordance with the applicable procedures of the Depository to each Owner of Bonds at his address, if any, appearing upon the Register and to the Trustee.

SECTION 1202. Powers of Amendment

Any modification or amendment of this Indenture and of the rights and obligations of the Authority and of the Owners of the Bonds thereunder, in any particular, may be made by a Supplemental Indenture, with the written consent given as provided in Section 1203: (i) of the Owners of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, and (ii) in case less than all of the several series of Bonds Outstanding are affected by the modification or amendment, of the Owners of at least a majority in principal amount of the Bonds of each Series so affected and outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding. The consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption of maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Owner of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds of which the consent of the Owners is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purposes of this Section, a Series shall be deemed to be affected by a modification or amendment of this Indenture if the same adversely affects or diminishes the rights of the Owners of Bonds of such Series. The

Trustee may in its discretion determine whether or not, in accordance with the foregoing powers of amendment, Bonds of any particular Series or maturity would be affected by any modification or amendment of this Indenture and any such determination shall be binding and conclusive on the Authority and all Owners of Bonds.

SECTION 1203. Consent of Bondowners

(a) The Authority may at any time adopt a Supplemental Indenture making a modifications or amendment permitted by the provisions of Section 1202, to take effect when and as provided in this Section.

(b) A copy of such Supplemental Indenture (or brief summary thereof or reference thereto in a form approved by the Trustee), together with a request to Owners for their consent thereto in a form approved by the Trustee, shall be mailed by the Authority to Owners.

(c) Such Supplemental Indenture shall not be effective unless and until:

(1) there shall have been filed with the Trustee:

A. the written consents of Owners of the percentages specified in Section 1202; and

B. a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture, and is valid and binding upon the Authority, enforceable in accordance with its terms and is in accordance with this Indenture; provided, however, that such Opinion may take exception for limitations imposed by or resulting from bankruptcy, insolvency, moratorium, reorganizations or other laws affecting creditors' rights generally and principles of equity; and

(2) a notice shall have been sent as hereinafter in Section 1203(f) provided.

(d) Each consent shall be effective only if accompanied by proof of the holding, at the date of such consent of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 1401.

(1) A certificate of the Trustee that it has examined such proof and that such proof is sufficient in accordance with Section 1401 shall be conclusive

that the consents have been given by the Owners described in such certificate.

(2) Any such consent shall be binding upon the Owners of the Bonds giving such consents and, notwithstanding Section 1302, upon any subsequent Owner unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter in this Section 1203 provided for is filed, such revocation and proof that such Bonds are held by the signer of such revocation in the manner permitted by Section 1401.

(e) At any time after the Owners of the required percentages shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the Authority and the Trustee a written statement that the Owners of such required percentages have filed such consents. Such written statement shall be conclusive that such consents have been so filed.

(f) At any time thereafter notice stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentages and will be effective as provided in this Section 1203, and may be given to Owners by the Authority by sending such notice to the Owners. A record, consisting of the papers required or permitted by this Section 1203 to be filed with the Trustee, shall be conclusive proof of the matters therein stated. Such Supplemental Indenture making such amendment or modification shall be deemed conclusively binding upon the Authority, the Trustee and the Owners.

SECTION 1204. Modifications by Unanimous Consent

The terms and provisions of this Indenture and the rights and obligations of the Authority and of the Owners of the Bonds thereunder may be modified or amended in any respect upon the adoption and filing by the Authority of a Supplemental Indenture and the consent of the Owners of all the Bonds Outstanding, such consent to be given as provided in Section 1203 except that no notice to Bondowners shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of the Trustee without the written consent thereto of the Trustee in addition to the consent of the Bondowners.

SECTION 1205. Exclusion of Bonds

Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article XII, and the Authority shall not be entitled with respect to such Bonds to give any consent or take any other action

provided in this Article. At the time of any consent or other action taken under this Article, the Authority shall furnish the Trustee a certificate of an Authorized Officer of the Authority, upon which the Trustee may rely, describing all Bonds so to be excluded.

SECTION 1206. Notation on Bonds

Bonds authenticated and delivered after the effective date of any action taken as in Article XI or this Article XII provided may, and, if the Trustee so determines, shall bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the designated office of the Trustee or upon any transfer of any Bond Outstanding at such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such transfer by the Trustee as to any such action. If the Authority or the Trustee shall so determine, new bonds so modified as in the opinion of the Trustee and the Authority to conform to such action shall be prepared, authenticated and delivered, and upon demand of the Owner of any Bond Outstanding shall be exchanged, without cost to such Bondowner, for Bonds Outstanding, upon surrender of such Bonds for Bonds of the same Series and maturity then Outstanding.

ARTICLE XIII
SUBORDINATION OF BONDS

SECTION 1301. Indebtedness of Bonds Subordinate to Senior Indebtedness

The Authority covenants and agrees, and each Owner of Bonds, by the Owner's acceptance thereof, likewise covenants and agrees, that the indebtedness evidenced by the Bonds and the payment of the principal or Redemption Price thereof, and interest thereon shall be subordinate and subject in right of payment, to the extent and in the manner hereinafter set forth, to the prior payment in full of all Senior Indebtedness. The provisions of this Article are made for the benefit of the owners of Senior Indebtedness, and such owners shall, at any time, be entitled to enforce such provisions against the Authority or any Bondowners.

SECTION 1302. Bankruptcy of Authority; Notice of Bankruptcy

(a) In the event of (i) any insolvency, bankruptcy, receivership, reorganization, readjustment, composition or other similar proceeding relative to the Authority or its creditors or its property or (ii) any assignment for the benefit of creditors or any other marshalling of the assets of the Authority, then and in any such event all Senior Indebtedness (including interest accruing on such Senior Indebtedness after the date of filing of a petition or other action commencing any such proceeding) shall first be paid in full before any payment or distribution of any character, whether in cash, securities or other property, shall be made on account of the Bonds from the

Revenue Fund, Construction Fund or Grand Parkway System Improvement Fund; and any payment or distribution of any character, whether in cash, securities or other property, which would otherwise, but for the provisions of this Section, be payable or deliverable in respect of the Bonds from the Revenue Fund, Construction Fund or Grand Parkway System Improvement Fund shall be paid or delivered directly to the owners of Senior Indebtedness (or their duly authorized representatives or the trustee or. trustees under any indenture pursuant to which any Senior Indebtedness is outstanding), in the proportions in which they hold the same, until all Senior Indebtedness shall have been paid in full. In case, despite the foregoing provisions, any payment of distribution shall, in any such event, be paid or delivered from the Revenue Fund, Construction Fund or Grand Parkway System Improvement Fund to any Owner of the Bonds or to the Trustee for their benefit before all Senior Indebtedness shall have been paid in full, such payment or distribution shall be held in trust for and so paid and delivered to the owners of Senior Indebtedness (or their duly authorized representatives or the trustee or trustees under any indenture pursuant to which any Senior Indebtedness is outstanding), in the proportions in which they hold the same, until all Senior Indebtedness shall have been paid in full.

(b) The Authority shall give prompt written notice to the Trustee of any insolvency, bankruptcy, reorganization, readjustment, composition, dissolution, assignment, marshalling of assets or similar proceeding of the Authority within the meaning of this Section 1302. Upon any payment or distribution of assets of the Authority referred to in this Article XIII, the Trustee, subject to the provisions of Section 1003 (as between itself and the Bondowners) and Section 1004, any Paying Agent and the Owners of the Bonds shall be entitled to rely upon a certificate of the trustee in bankruptcy, receiver, assignee for the benefit of creditors or other liquidating agent making such payment or distribution delivered to the Trustee or to the Owners of Bonds, for the purpose of ascertaining the persons entitled to participate in such distribution, the owners of the Senior Indebtedness and other indebtedness of the Authority, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article XIII.

(c) In the event that the Trustee determines, in good faith, that further evidence is required with respect to the right of any person as an owner of Senior Indebtedness to participate in any payment or distribution pursuant to this Section, the Trustee may request such person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Indebtedness held by such person, as to the extent to which such person is entitled to participate in such payment or distribution, and as to other facts pertinent to the rights of such person under this Section, and if such evidence is not furnished, the Trustee may defer any payment to such person pending judicial determination as to the right of such person to receive such payment.

SECTION 1303. Rights of Subrogation to Senior Indebtedness

Subject to the payment in full of all Senior Indebtedness, the Owners of the Bonds shall be subrogated equally and ratably with the owners of all other subordinated indebtedness of the Authority that by its terms ranks on a parity with the Bonds and is entitled to like rights of subrogation (such subordinated indebtedness being hereinafter in this Section referred to as "parity indebtedness") to the rights of the owners of Bonds to receive payments or distributions of assets of the Authority made on Bonds until the principal and Redemption Price of, and interest on the Bonds shall be paid in full; and, for the purposes of such subrogation, no payments or distributions to the owners of Senior Indebtedness of any cash, property or securities to which the Owners of the Bonds or a parity indebtedness, or the Trustee or the trustee with respect to any parity indebtedness, would be entitled except for the provisions of this Article XIII, and no payment over pursuant to the provisions of this Article XIII to the owners of Senior Indebtedness by the Owners of the Bonds or the Trustee, shall, as between the Authority, its creditors other than the owners of Senior Indebtedness, and the Owners of Bonds or of parity indebtedness, be deemed to be a payment by the Authority to or on account of Senior Indebtedness, it being understood that the provisions of this Article XIII are and are intended solely for the purpose of defining the relative rights of the Owners of the Bonds, the owners of other parity indebtedness and the owners of Senior Indebtedness.

SECTION 1304. Obligations of the Authority with Respect to Bonds

Nothing contained in this Article XIII or elsewhere in this Indenture, or in the Bonds, is intended to or shall impair, as between the Authority, its creditors other than the owners of Senior Indebtedness, and the Owners of the Bonds, the obligation of the Authority, which is absolute and unconditional, to pay to the Owners of the Bonds the principal and Redemption Price of, and interest on the Bonds, as and when the same shall become due and payable in accordance with their terms, or to affect the relative rights of the Owners of the Bonds and creditors of the Authority other than the owners of the Senior Indebtedness, nor shall anything herein or therein prevent the Trustee or the Owner of any Bond from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article XIII of the owners of Senior Indebtedness in respect of cash, property or securities of the Authority received upon exercise of any such remedy.

SECTION 1305. Event of Default on Senior Indebtedness

(a) In the event and during the continuation of any default or event of default in respect of any Senior Indebtedness or under any agreement under which any Senior Indebtedness was issued continuing beyond the period of grace, if any, specified in such agreement, then, unless and until such default shall have been cured or waived or shall have ceased to exist, no payment shall be made by the Authority and, except as

provided in Section 1309, no application of funds shall be made by the Trustee or any Paying Agent with respect to the principal or Redemption Price of, or interest on the Bonds or for mandatory redemption of the Bonds as provided in any Supplemental Indenture except from the Tax Fund or the Subordinate Lien Debt Service Fund. Nothing in this Section provided shall prevent the Authority from making or the Trustee or any Paying Agent from receiving or applying, any payment in connection with the redemption of Bonds if notice of such redemption has been sent by the Trustee pursuant to this Indenture or any supplemental indenture, as applicable, prior to the happening of such default with respect to any Senior Indebtedness.

(b) In the event that, notwithstanding the provisions of Section 1302 or Section 1305, any payment or distribution of cash, securities or other property shall be received by the Trustee or the Owners of the Bonds (i) from the Authority in violation of such provisions, or (ii) from any other person under such circumstances that such payment would, if made directly by the Authority, be in violation of such provisions, such payment or distribution shall immediately be paid over by the Trustee or such Owners to the holders of Senior Indebtedness or their representative or representatives, or to the trustee or trustees under any indenture under which any instrument evidencing any of such Senior Indebtedness may have been issued, ratably according to the aggregate amounts then due on account of the principal of, premium, if any, and interest on such Senior Indebtedness (after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness), to the extent necessary to pay in full all such amounts then due.

SECTION 1306. Tax Fund and Subordinate Lien Debt Service Fund Not Subordinated

Nothing contained in this Article XIII or elsewhere in this Indenture, or in any of the Bonds, shall prevent (a) the Authority from making payment of principal or Redemption Price of, or interest on the Bonds or mandatorily redeeming the Bonds at any time (i) from the Tax Fund out of the proceeds of taxes levied and collected by the County pursuant to the Joint Project Agreement as described in Section 203 and (ii) in any other manner except under the conditions described in Section 1302 or 1305 or (b) the application by the Trustee or any Paying Agent or any moneys deposited in the Subordinate Lien Debt Service Fund for the purpose of the payment of or on account of the principal or Redemption Price of or interest on the Bonds.

SECTION 1307. Fiduciaries May Own Senior Indebtedness

The Trustee, or any Paying Agent, may be owners of Senior Indebtedness and shall be entitled to all the rights set forth in this Article XIII in respect of any Senior Indebtedness at any time held by it, to the same extent as any owner of Senior Indebtedness, and nothing in this Indenture shall deprive the Trustee, or any Paying

Agent, of any of its rights as such owner. Nothing in this Article XIII shall apply to claims of or payments to the Trustee under or pursuant to Section 1005.

SECTION 1308. Effectuation of Subordination

Each Owner of Bonds by the Owner's acceptance thereof authorizes and directs the Trustee on Owner's behalf to take such action as may be necessary or appropriate to effectuate the subordination as provided in this Article XIII and appoints the Trustee as attorney-in-fact for any and all such purposes.

SECTION 1309. Trustee Not Charged With Event of Default

Notwithstanding any of the provisions of this Article XIII on any other provision of this Indenture, neither the Trustee nor any Paying Agent shall at any time be charged with knowledge of any default or event of default with respect to any Senior Indebtedness as specified in Sections 1302 or 1305 of the existence of any facts which would prohibit the making of-any payment of moneys to or by the Trustee or any Paying Agent, respectively, unless and until a Responsible Officer, Trustee, or such Paying Agent, at the designated administrative office of the Trustee or Paying Agent, as the case may be, shall have received written notice thereof signed by an Authorized Officer of the Authority on by an owner of Senior Indebtedness who shall have been certified by the Authority or otherwise established to the reasonable satisfaction of the Trustee to be such owner, or by the trustee under any indenture pursuant to which Senior Indebtedness shall be outstanding; and, prior to the receipt of any such written notice. the Trustee, subject to the provisions of Section 904 (as between itself and the Bondowners), or such Paying Agent, respectively, shall be entitled in all respects to assume that no such default or event of default has occurred and that no such facts exist; provided that if the Trustee or any Paying Agent shall not have received with respect to such moneys the notice provided for in this Section 1309 at least ten days prior to the date upon which by the terms hereof any such moneys may become payable for any purpose (including, without limitation, the payment of either the principal on Redemption Price of, or interest on any Bond), then, anything herein contained to the contrary notwithstanding, the Trustee on such Paying Agent, respectively, shall have full power and authority to receive such moneys and to apply the same to the purpose for which they were received, and shall not be affected by any notice to the contrary which may be received by it on or after such date; and provided that, if prior to the date of the publication of notice (if required) or the sending of the notice of redemption of any Bonds pursuant to this Indenture or any supplemental indenture, or applicable, the Trustee or any Paying Agent shall not have received such notice with respect to any moneys which may become payable in connection with the redemption of such Bonds, then, anything herein contained to the contrary notwithstanding, the Trustee or such Paying Agent, respectively, shall have full power and authority to receive any moneys which may be paid to it for such purpose and to apply the same to the redemption of

such Bonds, and shall not be affected by any notice to the contrary which may be received by it on or after such date of delivery.

SECTION 1310. Right of Subordination Assured

(a) No right of any present or future owner of any Senior Indebtedness to enforce subordination as herein provided shall at any time in any way be prejudiced on impaired by any act or failure to act on the part of the Authority or by any act or failure to act. in good faith, by any such owner of Senior Indebtedness, or by any noncompliance by the Authority with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof any such owner of Senior Indebtedness may have or be otherwise charged with.

(b) Without limiting the generality of subsection (a), the owners of Senior Indebtedness may, without affecting in any manner the subordination of the payment of the principal and Redemption Price of, and interest on the Bonds, at any time or from time to time and in their absolute discretion, change the manner, place on terms of payment, change or extend the time of payment of. or renew or alter, any Senior Indebtedness, or release any person liable for the payment of the Senior Indebtedness or any security therefor, or amend or supplement any instrument pursuant to which any Senior Indebtedness is issued, or exercise or refrain from exercising any other of their rights under the Senior Indebtedness including, without limitation, the waiver of default or event of default thereunder, all without notice to or assent from the Owners of the Bonds on the Trustee.

SECTION 1311. No Fiduciary Duty of Trustee

Neither the Trustee nor any Paying Agent shall have any fiduciary duty to any owner of Senior Indebtedness, and shall not be liable to any such owner if it shall pay over or distribute to the Owners of the Bonds or to the Authority on to any. other person, moneys or assets to which any owner of Senior Indebtedness shall be entitled pursuant to this Article XIII or otherwise.

ARTICLE XIV
MISCELLANEOUS

SECTION 1401. Evidence of Signatures of Bondowners and Ownership of Bonds

(a) Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Bondowners may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondowners in person or by their attorneys appointed in writing. Proof of the execution of any such instrument, or of an instrument appointing any such attorney, shall be sufficient for any purpose of this Indenture (except as otherwise therein expressly provided) if made in the following manner, or in any other manner

satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(1) The fact and date of the execution by any Bondowner on his attorney of such instruments may be proved by a guarantee of the signature thereon by a bank on trust company or by the certificate of any notary public or other officer authorized to take acknowledgements of deeds, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public on other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association on partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of his authority.

(2) The amount of Bonds transferable by delivery held by any person executing any instrument as a Bondowner, the date of his holding such Bonds, and the numbers and other identification thereof, may be proved by a certificate, which need not be acknowledged or verified, in form satisfactory to the Trustee, executed by the Trustee or by a member of a financial firm or by an officer of a bank, trust company, insurance company, or financial corporation or other depositary wherever situated, showing at the date mentioned that such person exhibited to such member or officer or had on deposit with such depositary the Bonds described in such certificate. Such certificate may be given by a member of a financial firm or by an officer of any bank, trust company, insurance company or financial corporation or depositary with respect to Bonds owned by it, if acceptable to the Trustee. In addition to the foregoing provisions, the Trustee may from time to time make such reasonable regulations as it may deem advisable permitting other proof of holding of Bonds transferable by delivery.

(b) The ownership of Bonds registered otherwise than to bearer and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books.

(c) Any request or consent by the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Authority on any Fiduciary in accordance therewith.

SECTION 1402. Money Held for Particular Bonds

Subject to the provisions of Section 1405 the amounts held by the Trustee for the payment of the interest or principal due on any date with respect to particular Bonds

shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto.

SECTION 1403. Preservation and Inspection of Documents

All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times upon reasonable notice to the inspection of the Authority, and any Bondowner and their agents and their representatives, any of whom may make copies thereof at the expense of the party so requesting.

SECTION 1404. Failure to Present Bonds

Anything in this Indenture to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for such period of time, after the date when such Bonds have become due and payable, either at their dated maturity dates or by call for earlier redemption, that the Owner thereof shall no longer be able to enforce the payment thereof, the Fiduciary shall at the written request of the Authority pay such money to the Authority as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondowners shall look only to the Authority for the payment of such Bonds; provided, however, that before being required to make any such payment to the Authority, the Fiduciary shall, at the expense of the Authority, cause to be sent to the Owners of the Bonds registered as to principal entitled to such moneys, a notice that such moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the first publication or sending of such notice, the balance of such moneys then unclaimed will be returned to the Authority. The provisions of this Section 1404 are subject to the applicable escheat law of the State.

SECTION 1405. Filing of Security Instrument

Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the Trust Estate, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the Trust Estate is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the Authority agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

SECTION 1406. Parties Interested Herein

Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person, other than the Authority, the Trustee and the Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation thereof; and all the covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee, and the Owners of the Bonds thereunto appertaining.

SECTION 1407. No Recourse on the Bonds

No recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon or on this Indenture against any member or officer of the Authority or any person executing the Bonds.

SECTION 1408. No Individual Liability

No covenant or agreement contained in the Bonds or in this Indenture shall be deemed to be the covenant or agreement of any member of the Board of Directors of the Authority, the Commissioners Court of the County or the Trustee or any officer, agent, employee or representative of the Authority, County or the Trustee in his individual capacity, and neither the directors, officers, agents, employees or representatives of the Authority, County or the Trustee nor any person executing the Bonds shall be personally liable thereon or be subject to any personal liability or accountability by reason of the issuance thereof, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of this Indenture and the issuance of the Bonds.

SECTION 1409. Indenture to Constitute Contract

In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Indenture shall be deemed to be and shall constitute a contract between the Authority, the Trustee and the Owners of the Bonds; and the pledge made in this Indenture and the covenants and agreements therein set forth to be performed by or on behalf of the Authority shall be for the equal benefit, protection and security of the Owners of any and all of the Bonds all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or permitted by this Indenture.

SECTION 1410. Notice

Any notice, demand, direction, request, or other instrument authorized or required by this Indenture to be given to or filed with the Authority or the Trustee shall be deemed to have been given only upon receipt. Any notice shall be sent by registered or certified mail, postage prepaid, to the address specified below or, to such other address as may be designated in writing by the parties:

Authority: Fort Bend Grand Parkway Toll Road Authority
County Administration Building
301 Jackson St.
Richmond, Texas 77469

Trustee: Wells Fargo Bank, N.A.
Attention: Corporate Municipal and Escrow Services
750 N. St. Paul Place, Suite 1750
Dallas, Texas 75201

If any notice period or other notice requirement is not specifically provided for in this Indenture or any supplemental indenture, as applicable, the Authority and the Trustee may rely on an opinion of counsel providing a reasonable basis for specifying such period or requirement under the circumstances.

SECTION 1411. Governing Law

This Indenture shall be governed in all respects, including validity, interpretation and effect, by, and shall be enforceable in accordance with, the laws of the State of Texas.

SECTION 1412. Severability of Invalid Provisions

If anyone or more of the covenants or agreements provided in this Indenture on the part of the Authority or the Trustee to be performed shall be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Indenture.

SECTION 1413. Successors

Whenever in this Indenture the Authority is named or referred to, it shall be deemed to include the board, body, commission, authority, county, department or instrumentality of the State succeeding to the principal functions and powers of the Authority, and all the covenants and agreements in this Indenture contained by or on

behalf of the Authority shall bind and inure to the benefit of said successor whether so expressed or not.

SECTION 1414. Holidays

If the date for making any payment of the last date for performance of any act on the exercising of any right, as provided in this Indenture, shall be a legal holiday or a day on which banking institutions in Houston, Texas or New York, New York are authorized by law to remain closed, such payment may be made on act performed on night exercised on the next succeeding day not a legal holiday or a day on which such banking institutions are not authorized by law to remain closed, with the same force and effect as if done on the nominal date provided in this Indenture and no interest shall accrue for the period after such nominal date.

SECTION 1415. Execution in Several Counterparts

This Indenture may be simultaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

IN WITNESS WHEREOF, the Authority and the Trustee have caused this Indenture to be signed, sealed and attested on their behalf by their duly authorized representatives, all as of the date first hereinabove written.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY

Chairman

ATTEST:

Asst. Secretary

(SEAL)

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
FORT BEND COUNTY, TEXAS

WELLS FARGO BANK, N.A.
As Trustee

By: Kristel D. Richards
Name: Kristel D. Richards
Title: Vice President

FIRST SUPPLEMENTAL
LIMITED CONTRACT TAX AND SUBORDINATE LIEN
TOLL ROAD REVENUE BOND TRUST INDENTURE

BETWEEN

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY

AND

WELLS FARGO BANK, N.A., Trustee

AUTHORIZING

$155,085,000 FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
LIMITED CONTRACT TAX AND
SUBORDINATE LIEN TOLL ROAD REVENUE BONDS, SERIES 2012

Dated as of July 1, 2012

TABLE CONTENTS

Page

ARTICLE I
DEFINITIONS AND STATUTORY AUTHORITY

SECTION 101. Supplemental Indenture 1
SECTION 102. Definitions 2
SECTION 103. Authority for this First Supplemental Indenture 3

ARTICLE II
AUTHORIZATION AND ISSUANCE OF SERIES 2012 BONDS,
GENERAL TERMS AND PROVISIONS OF THE SERIES 2012 BONDS

SECTION 201. Name, Amount, Purpose, Authorization. 3
SECTION 202. Date, Denomination, Interest Rates, And Maturities 3
SECTION 203. Application of Bond Proceeds. 5
SECTION 204. Manner Of Payment, Characteristics, Execution And Authentication. 5
SECTION 205. Legends. 5
SECTION 206. Book-Entry Only System 5
SECTION 207. Successor Securities Depository; Transfer Outside Book-Entry Only System. 6
SECTION 208. Payments to Cede & Co 6
SECTION 209. Optional and Mandatory Redemption Prior to Maturity. 6
SECTION 210. Appointment of Paying Agent and Registrar. 7

ARTICLE III
FEDERAL INCOME TAX EXCLUSION

SECTION 301. General 8
SECTION 302. No Private Use or Payment and No Private Loan Financing. 8
SECTION 303. No Federal Guarantee. 8
SECTION 304. No Hedge Bonds. 8
SECTION 305. No Arbitrage. 9
SECTION 306. Arbitrage Rebate. 9
SECTION 307. Information Reporting. 9
SECTION 308. Continuing Obligation. 9

ARTICLE IV
CONTINUING DISCLOSURE UNDERTAKING

SECTION 401. Definitions. 10
SECTION 402. Annual Reports. 10
SECTION 403. Event Notices. 11
SECTION 404. Limitations, Disclaimers, and Amendments 12
SECTION 405. County Continuing Disclosure Undertaking. 13

ARTICLE V
COVENANTS AND MISCELLANEOUS PROVISIONS

SECTION 501. Notice.....13
SECTION 502. No Recourse on Series 2012 Bonds. 13
SECTION 503. Execution in Several Counterparts. 14

Exhibit A – Form of Bond

FIRST SUPPLEMENTAL
LIMITED CONTRACT TAX AND SUBORDINATE LIEN
TOLL ROAD REVENUE BOND TRUST INDENTURE

AUTHORIZING

$155,085,000 FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
LIMITED CONTRACT TAX AND SUBORDINATE
LIEN TOLL ROAD REVENUE BONDS, SERIES 2012

THIS FIRST SUPPLEMENTAL TRUST INDENTURE, dated as of the 1st day of July, 2012 (the "First Supplemental Indenture"), is made by and between Fort Bend Grand Parkway Toll Road Authority (the "Authority"), a local government corporation created by Fort Bend County, Texas and organized and existing under the laws of the State of Texas, and WELLS FARGO BANK, N.A., in its capacity as trustee (together with any successor trustee hereunder, the "Trustee"), a national banking association having a corporate trust office located in the City of Dallas, Texas.

WHEREAS, there was executed and delivered the Limited Contract Tax and Subordinate Lien Toll Road Revenue Bond Trust Indenture, dated as of July 1, 2012 (the "Indenture") between the Authority and the Trustee; and

WHEREAS, the Indenture provides for the issuance of Bonds of the Authority from time to time upon the terms and conditions provided in the Indenture; and

WHEREAS, the Authority has determined to issue $155,085,000 in bonds as the first installment of bonds authorized by the Indenture (as further defined herein, the "Series 2012 Bonds"); and

WHEREAS, when the Authority issues each Series of Bonds under the Indenture it must adopt a supplemental indenture providing for the terms and conditions of the particular Series of Bonds.

NOW, THEREFORE, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Series 2012 Bonds by the owners thereof from time to time, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Authority and the Trustee do hereby mutually covenant and agree, for the equal and proportionate benefit of the respective owners from time to time of the Series 2012 Bonds, as follows:

ARTICLE I
DEFINITIONS AND STATUTORY AUTHORITY

SECTION 101. Supplemental Indenture. This indenture is supplemental to, and is adopted in accordance with Article III and Article XI of the Indenture.

SECTION 102. Definitions. 1. Except as provided in subsection 2 of this Section, all defined terms contained in the Indenture shall have the same meanings in this First Supplemental Indenture as such defined terms are given in Section 101 of the Indenture, unless the context shall otherwise require.

2. As used in this First Supplemental Indenture, unless the context shall otherwise require, the following terms shall have the following respective meanings with respect to the Series 2012 Bonds and all other Bonds issued under the Indenture.

"Principal Payment Date" means March 1 in the years of maturity specified in Section 202 hereof.

"First Supplemental Indenture" shall mean this First Supplemental Indenture of the Authority dated as of July 1, 2012 authorizing the issuance of the Series 2012 Bonds.

"Series 2012 Bonds" shall mean the Bonds of the Authority of the Series authorized by this First Supplemental Indenture in the aggregate principal amount of $155,085,000 and herein designated as the "Fort Bend Grand Parkway Toll Road Authority Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012."

3. As used in this First Supplemental Indenture the following shall have the following respective meaning but only for the purposes of the Series 2012 Bonds and this First Supplemental Indenture.

"Blanket Letter of Representation" means the Blanket Issuer Letter of Representations between the Authority, the Trustee, and DTC.

"Interest Payment Date" shall mean March 1 and September 1 of each year as applicable, commencing March 1, 2013.

"Paying Agent" and "Bond Registrar" shall mean the Trustee, Wells Fargo Bank, N.A., or such other bank or trust company or national banking institution as the Authority may designate from time to time which meets the requirements of Sections 1002, 1009 and 1013 of the Indenture.

"Record Date" shall mean that day which is the fifteenth (15th) day of the month preceding an Interest Payment Date.

"Underwriter" shall mean, collectively, Merrill Lynch Pierce Fenner & Smith, Incorporated, as senior book running manager and representative of the syndicate consisting of Merrill Lynch Pierce Fenner & Smith Incorporated; Citigroup Global Markets Inc.; Estrada Hinojosa & Company, Inc.; Loop Capital Markets LLC; and Morgan Keegan and Company, Inc., or its successor in interest.

4. Unless the context otherwise requires, articles and sections referred to by number shall mean the articles and sections of this First Supplemental Indenture.

SECTION 103. Authority for this First Supplemental Indenture. This First Supplemental Indenture is adopted pursuant to the provisions of the Act and the Indenture.

ARTICLE II
AUTHORIZATION AND ISSUANCE OF SERIES 2012 BONDS, GENERAL TERMS AND PROVISIONS OF THE SERIES 2012 BONDS

SECTION 201. Name, Amount, Purpose, Authorization. The Series 2012 Bonds, to be known and designated as FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY LIMITED CONTRACT TAX AND SUBORDINATE LIEN TOLL ROAD REVENUE BONDS, SERIES 2012, shall be issued in fully registered form, without coupons, in the aggregate principal amount of $155,085,000. The Series 2012 Bonds shall be issued for the purpose of paying the Cost of the Project and paying the Costs of Issuance for the Series 2012 Bonds, all under and pursuant to the authority of the Act and all other applicable law.

SECTION 202. Date, Denomination, Interest Rates, And Maturities

(a) The Series 2012 Bonds shall be dated August 1, 2012, with interest accruing from the date of delivery, and shall mature March 1 in the following years subject to prior redemption as attached hereto as Exhibit A, on the maturity date in each of the years and in the amounts set and shall bear interest at the rates set forth below payable on each Interest Payment Date. The Series 2012 Bonds shall initially be evidenced by an Initial Bond numbered AG-1 and thereafter by definitive bonds numbered in sequence beginning with R-1. Definitive Bonds delivered on transfer of or in exchange for the initial or other Series 2012 Bonds shall be in the denomination of $5,000 or integral multiples thereof and shall mature on the same date and bear interest at the same rate as the Series 2012 Bonds in lieu of which they are delivered. Interest on the Series 2012 Bonds at such rates as shown below shall be payable in the manner provided and in the FORM OF BOND set forth in Exhibit A to this Indenture.

Maturity March 1	Amount	Rate
2021	$1,230,000	5.000%
2022	2,460,000	5.000%
2023	3,575,000	5.000%
2024	3,750,000	5.000%
2025	3,930,000	5.000%
2026	4,125,000	5.000%
2027	4,325,000	5.000%
2028	4,535,000	5.000%
2029	4,710,000	3.000%
2030	4,890,000	5.000%
2031	5,080,000	3.000%
2032	5,275,000	5.000%

2037	30,525,000	5.000%
2042	38,850,000	5.000%
2046	37,825,000	4.000%

(b) Except as provided below, no Series 2012 Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this First Supplemental Indenture unless and until there appears thereon the Trustee's Authentication Certificate substantially in the form provided in the FORM OF BOND attached hereto as Exhibit A, duly authenticated by manual execution by an officer or duly authorized signatory of the Trustee. In lieu of the executed Trustee's Authentication Certificate described above, the Initial Bond delivered at the Closing Date shall have attached hereto the Comptroller's Registration Certificate substantially in the form provided in the FORM OF BOND attached hereto as Exhibit A, manually executed by the Comptroller, or by his duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the Authority, and has been registered by the Comptroller.

(c) On the Closing Date, the Initial Bond, being a single bond representing the entire principal amount of the Series 2012 Bonds, payable in stated installments to the Underwriters or their designee, executed by manual or facsimile signature of President and Secretary of the Authority Board, approved by the Attorney General, and registered and manually signed by the Comptroller, shall be delivered to the Underwriters or their designee. Upon payment for the Initial Bond, the Registrar shall cancel the Initial Bond and deliver definitive Series 2012 Bonds to DTC.

(d) The Initial Bond shall be in the form set forth in Exhibit A, except for the following alterations:

(i) immediately under the name of the Series 2012 Bond, the headings "Interest Rate" and Maturity Date" shall both be completed with the words: "As Shown Below" and the words "CUSIP No." deleted; and

(ii) in the first paragraph of the Series 2012 Bond, the words "on the maturity date specified above" and "at the rate shown above" shall be deleted and the following shall be inserted at the end of the first sentence ", with such principal amounts to be paid in installments on March 1 in each of the years and the principal amounts identified in the following schedule and with such installments bearing interest at the per annum rates set forth in the following schedule:"

[Insert schedule from Section 202(a)]

SECTION 203. Application of Bond Proceeds. The proceeds, including accrued interest, if any, of the Series 2012 Bonds, together with any other moneys provided by the Authority, shall be applied simultaneously with the delivery of such Series 2012 Bonds, as follows:

(a) There shall be deposited in the Subordinate Lien Debt Service Fund the amount of the interest accrued, if any, on such Series 2012 Bonds, if any, to the date of such delivery thereof;

(b) There shall be deposited in the Subordinate Lien Debt Service Fund the amount of $21,662,726.94, which amounts, together with interest thereon, will be sufficient to pay capitalized interest accruing prior to the expected first anniversary after the construction of a portion of the Project financed with the Series 2012 Bonds; and

(c) Thereafter there shall be deposited into the Construction Fund all remaining Series 2012 Bond proceeds, which funds shall be applied to pay a portion of the Cost of the Project, Costs of Issuance, including Underwriter's Discount, and a portion of the Operating and Maintenance expenditures accruing prior to the expected first anniversary after the construction of the Project financed with the Series 2012 Bonds.

SECTION 204. Manner Of Payment, Characteristics, Execution And Authentication. The Series 2012 Bonds shall be payable, shall have the characteristics, shall be signed, sealed, and executed, and shall be authenticated, all as provided and in the manner indicated in the FORM OF BOND attached as Exhibit A to this Supplemental Indenture.

SECTION 205. Legends. The Series 2012 Bonds may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this First Supplemental Indenture as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission, brokerage board, municipal securities rulemaking board or otherwise, as may be determined by the Authority prior to the authentication and delivery thereof.

SECTION 206. Book-Entry Only System (a) Except as provided in Section 207 hereof, and unless the Authority shall otherwise direct, all Series 2012 Bonds issued hereunder shall be registered in the name of Cede & Co., as nominee of DTC, as the Registered Owner of the Series 2012 Bonds, and held in the custody of DTC.

(b) With respect to Series 2012 Bonds registered in the name of Cede & Co., as nominee of DTC, the Authority, the Bond Registrar and the Trustee shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such DTC Participant holds an interest in the Series 2012 Bonds, except as provided in this First Supplemental Indenture. Without limiting the immediately preceding sentence, the Authority, the Bond Registrar and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Series 2012 Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to the Series 2012 Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or

any other person, other than an Owner, as shown on the Register, of any amount with respect to principal of, premium, if any, or interest on the Series 2012 Bonds. Notwithstanding any other provision of this First Supplemental Indenture to the contrary, the Authority and the Trustee shall be entitled to treat and consider the person in whose name each Series 2012 Bond is registered in the Register as the absolute Owner of such Series 2012 Bond for the purpose of payment of principal of and interest on the Series 2012 Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Series 2012 Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest on the Series 2012 Bonds only to or upon the order of the respective Owners, as shown in the Register as provided in this First Supplemental and the Indenture, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payments of principal, premium, if any, and interest on the Series 2012 Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a Series 2012 Bond certificate evidencing the obligation of the Authority to make payments of amounts due pursuant to this First Supplemental Indenture. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this First Supplemental Indenture with respect to interest checks being mailed to the Owner of record as of the Record Date, the phrase "Cede & Co." in this First Supplemental Indenture shall refer to such new nominee of DTC.

SECTION 207. Successor Securities Depository; Transfer Outside Book-Entry Only System. In the event that DTC discontinues the services described hereinabove, the Authority shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants, as identified by DTC, of the appointment of such successor securities depository and transfer one or more separate Series 2012 Bonds to such successor securities depository or (ii) notify DTC and DTC Participants, as identified by DTC, of the availability through DTC of Series 2012 Bonds and transfer one or more separate Series 2012 Bonds to DTC Participants having Series 2012 Bonds credited to their DTC accounts, as identified by DTC. In such event, the Series 2012 Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Series 2012 Bonds shall designate, in accordance with the provisions of this First Supplemental Indenture.

SECTION 208. Payments to Cede & Co. Notwithstanding any other provision of this First Supplemental Indenture to the contrary, so long as any Series 2012 Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Series 2012 Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Blanket Letter of Representations.

SECTION 209. Optional and Mandatory Redemption Prior to Maturity. The Series 2012 Bonds are subject to optional and mandatory redemption prior to stated maturity at the dates, upon the terms and in the manner provided in the Form of Bond set forth in Exhibit A attached hereto, the Indenture and as hereinafter further provided:

(i) All redemption notices shall be sent by the Trustee and must contain the complete official name of the Series 2012 Bond issue with series designation, CUSIP number, certificate numbers (for Series 2012 Bonds within a stated maturity redeemed in part), principal amounts called for each certificate (for partial calls), date of issue, interest rate, maturity date, redemption date, redemption price, redemption agent name and address with contact person and telephone number;

(ii) Redemption notices must be sent by the Trustee to all registered Owners of the Series 2012 Bonds to be redeemed at least 30 days and not more than 60 days prior to the redemption date.

If less than all the Series 2012 Bonds within the same series and stated maturity are called for redemption, the particular Series 2012 Bonds or portion of Series 2012 Bonds to be redeemed shall be selected randomly by the Trustee in such manner as the Trustee in its discretion may deem proper; provided, however, that the portion of any Series 2012 Bonds to be redeemed will be in authorized denominations and that, in selecting Series 2012 Bonds for redemption, the Trustee will treat each Series 2012 Bond as representing that number of Series 2012 Bonds which is obtained by dividing the amount of such Series 2012 Bonds by $5,000.

If it is determined that one or more, but not all, of the $5,000 units represented by any such Series 2012 Bond is to be called for redemption, then, upon notice of intention to redeem such $5,000 unit or units, the registered Owner of such Series 2012 Bond will forthwith surrender such Series 2012 Bond to the Paying Agent or the Trustee for (i) payment of the redemption price (including the redemption premium, if an, and interest to the date fixed for redemption) of the $5,000 unit or units called for redemption, and (ii) exchange for a new Series 2012 Bond or Bonds of the aggregate amount of the unredeemed balance of such Series 2012 Bond. If the registered Owner of such Series 2012 Bond of a denomination greater than $5,000 fails to present such Series 2012 Bond, such Series 2012 Bond will, nevertheless, become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units called for redemption (and to that extent only).

When Series 2012 Bonds have been called for redemption in whole or in part and due provision has been made to redeem same as herein provided, the Series 2012 Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Owners to collect interest which would otherwise accrue after the redemption date on any Series 2012 Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

SECTION 210. Appointment of Paying Agent and Registrar. Wells Fargo Bank, N.A. is hereby appointed as the Paying Agent and Registrar to act on behalf of the Trustee for the Series 2012 Bonds.

The Registrar shall also maintain books of registration for the Series 2012 Bonds in the State of Texas at the Registrar's offices in Dallas, Texas, which shall be kept current by the Registrar.

ARTICLE III
FEDERAL INCOME TAX EXCLUSION

SECTION 301. General. The Authority intends that the interest on the Series 2012 Bonds shall be excludable from gross income for federal income tax purposes pursuant to sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable Income Tax Regulations (the "Regulations"). The Authority covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would cause the interest on the Series 2012 Bonds to be includable in gross income, as defined in section 61 of the Code, for federal income tax purposes. In particular, the Authority covenants and agrees to comply with each requirement of this Article; provided, however, that the Authority shall not be required to comply with any particular requirement of this Article if the Authority has received an opinion of nationally recognized bond counsel ("Counsel's Opinion") that such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2012 Bonds or if the Authority has received a Counsel's Opinion to the effect that compliance with some other requirement set forth in this Article will satisfy the applicable requirements of the Code and the Regulations, in which case compliance with such other requirement specified in such Counsel's Opinion shall constitute compliance with the corresponding requirement specified in this Article.

SECTION 302. No Private Use or Payment and No Private Loan Financing. The Authority covenants and agrees that it will make such use of the proceeds of the Series 2012 Bonds including interest or other investment income derived from Bond proceeds, regulate the use of property financed, directly or indirectly, with such proceeds, and take such other and further action as may be required so that the Series 2012 Bonds will not be "private activity bonds" within the meaning of section 141 of the Code and the Regulations promulgated thereunder. Moreover, the Authority shall certify, through an authorized officer, employee or agent that based upon all facts and estimates known or reasonably expected to be in existence on the date the Series 2012 Bonds are delivered, that the proceeds of the Series 2012 Bonds will not be used in a manner that would cause the Series 2012 Bonds to be "private activity bonds" within the meaning of section 141 of the Code and the Regulations promulgated thereunder.

SECTION 303. No Federal Guarantee. The Authority covenants and agrees that it has not taken and will not take any action, and has not knowingly omitted and will not knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the Series 2012 Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code and the applicable Regulations thereunder, except as permitted by section 149(b)(3) of the Code and such Regulations.

SECTION 304. No Hedge Bonds. The Authority covenants and agrees that it has not taken and will not take any action, and has not knowingly omitted and will not knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the Series 2012 Bonds to be "hedge bonds" within the meaning of section 149(g) of the Code and the applicable Regulations thereunder.

SECTION 305. No Arbitrage. The Authority covenants and agrees that it will make such use of the proceeds of the Series 2012 Bonds including interest or other investment income derived from Series 2012 Bond proceeds, regulate investments of proceeds of the Series 2012 Bonds, and take such other and further action as may be required so that the Series 2012 Bonds will not be "arbitrage bonds" within the meaning of section 148(a) of the Code and the applicable Regulations promulgated thereunder. Moreover, the Authority shall certify, through an authorized officer, employee or agent that based upon all facts and estimates known or reasonably expected to be in existence on the date the Series 2012 Bonds are delivered, the Authority will reasonably expect that the proceeds of the Series 2012 Bonds will not be used in a manner that would cause the Series 2012 Bonds to be "arbitrage bonds" within the meaning of section 148(a) of the Code and the applicable Regulations promulgated thereunder.

SECTION 306. Arbitrage Rebate. If the Authority does not qualify for an exception to the requirements of Section 148(f) of the Code relating to the required rebate to the United States, the Authority will take all necessary steps to comply with the requirement that certain amounts earned by the Authority on the investment of the "gross proceeds" of the Series 2012 Bonds (within the meaning of section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, the Authority will (i) maintain records regarding the investment of the gross proceeds of the Series 2012 Bonds as may be required to calculate the amount earned on the investment of the gross proceeds of the Series 2012 Bonds separately from records of amounts on deposit in the funds and accounts of the Authority allocable to other bond issues of the Authority or moneys which do not represent gross proceeds of any bonds of the Authority, (ii) calculate at such times as are required by applicable Regulations, the amount earned from the investment of the gross proceeds of the Series 2012 Bonds which is required to be rebated to the federal government, and (iii) pay, not less often than every fifth anniversary date of the delivery of the Series 2012 Bonds or on such other dates as may be permitted under applicable Regulations, all amounts required to be rebated to the federal government. Further, the Authority will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Series 2012 Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm's length and had the yield on the issue not been relevant to either party.

SECTION 307. Information Reporting. The Authority covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Series 2012 Bonds are issued, an information statement concerning the Series 2012 Bonds, all under and in accordance with section 149(e) of the Code and the applicable Regulations promulgated thereunder.

SECTION 308. Continuing Obligation. Notwithstanding any other provision of this First Supplemental Indenture, the Authority's obligations under the covenants and provisions of this Article III shall survive the defeasance and discharge of the Series 2012 Bonds.

ARTICLE IV
CONTINUING DISCLOSURE UNDERTAKING

SECTION 401. Definitions. For the purposes of this Article, the following terms have the meanings assigned to them below:

"Annual Financial Information and Operating Data" means the financial information and operating data with respect to the Authority of the general type included in the final official statement prepared in connection with the issuance of the Series 2012 Bonds, together with the general type of financial information and operating data that otherwise would have been included in the Official Statement if the Project were complete and operational, and shall include (1) a historical traffic count table (starting in the first full fiscal year after completion of the Project), (2) Toll Rate Schedule for the Project, (3) Selected Financial Information of the Authority showing revenue and expenses on a fiscal year basis (starting in the first full fiscal year after completion of the Project), (4) Historical Toll Road Operating Results and Coverages (starting in the first full fiscal year after completion of the Project), (5) Debt Service Requirements, and (6) information and operating data of the general type included in the annual financial statements attached as APPENDIX D of the official statement.

"EMMA" means the MSRB via the Electronic Municipal Market Access System established by the MSRB.

"Material" shall have the meaning of such word as used under federal securities laws.

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means SEC Rule 15c2-12, as amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

SECTION 402. Annual Reports. The Authority shall provide annually to the MSRB through the EMMA system, within six months after the end of each fiscal year of the Authority ending in or after 2012, the Annual Financial Information and Operating Data, subject to the qualifications in Section 401 relating to the availability of certain historical information starting in the first full fiscal year after completion of the Project. Any financial statements so provided shall be (1) prepared in accordance with such accepted accounting practices as, in the opinion of a certified public accountant, conforms at the time to a body of generally accepted accounting principals and (2) audited, if the Authority commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statement is not complete within such period, then the Authority shall provide unaudited financial information and operating data which is customarily prepared by the Authority for the applicable fiscal year to EMMA within such six-month period, and audited financial statements, when and if the audit report on such statements becomes available.

If the Authority changes its fiscal year, the Authority will notify EMMA of the change (and of the date of the new fiscal year end) prior to the next date by which the Authority

otherwise would be required to provide financial information and operating data pursuant to this Article.

The financial information and operating data to be provided pursuant to this Article may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to EMMA.

SECTION 403. Event Notices. The Authority shall notify the MSRB in an electronic format prescribed by the MSRB, including EMMA, in a timely manner (not in excess of ten days after the occurrence of the event, of any of the following events with respect to the Series 2012 Bonds:

A. Principal and interest payment delinquencies;
B. Non-payment related defaults, if Material;
C. Unscheduled draws on debt service reserves reflecting financial difficulties;
D. Unscheduled draws on credit enhancements reflecting financial difficulties;
E. Substitution of credit or liquidity providers, or their failure to perform;
F. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Series 2012 Bonds;
G. Modifications to rights of holders of the Bonds, if Material;
H. Bond calls, if Material, and tender offers;
I. Defeasances;
J. Release, substitution, or sale of property securing repayment of the Series 2012 Bonds, if Material;
K. Rating changes;
L. Bankruptcy, insolvency, receivership or similar event of the Authority or other obligated person within the meaning of the Rule;
M. Consummation of a merger, consolidation, or acquisition involving the Authority or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the Authority or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if Material; and
N. Appointment of a successor or additional trustee or the change of name of a trustee, if Material.

The Authority shall notify the MSRB in an electronic format prescribed by the MSRB, including EMMA, in a timely manner, of any failure by the Authority to provide financial information or operating data in accordance with this Section by the time required.

SECTION 404. Limitations, Disclaimers, and Amendments. The Authority shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the Authority remains an "obligated person" with respect to the Series 2012 Bonds within the meaning of the Rule, except that the Authority in any event will give the notice required by Section 403 of any Series 2012 Bond calls and defeasance that cause the Authority to be no longer such an "obligated person."

The provisions of the Article are for the sole benefit of the Owners and beneficial owners of the Series 2012 Bonds, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Authority undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Authority's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The Authority does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE AUTHORITY BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE AUTHORITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the Authority in observing or performing its obligations under this Article shall constitute a breach of or default under this First Supplemental Indenture or the Indenture for purposes of any other provision of this First Supplemental Indenture or the Indenture.

Nothing in this Article is intended or shall act to disclaim, waive, or otherwise limit the duties of the Authority under federal and state securities laws.

The provisions of this Article may be amended by the Authority from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Authority but only if (1) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell bonds in the original primary offering of the bonds in compliance with the Rule, taking into account any amendments and interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the beneficial owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this First Supplemental Indenture that authorizes such an amendment) of the Outstanding Series 2012 Bonds consent to such amendment or (b) a person that is unaffiliated with the Authority (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Owners and beneficial owners of the Series 2012 Bonds. If the Authority so

amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 402 an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided. The Authority may also repeal or amend the provisions of this Article if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the Authority also may amend the provisions of this Article in its discretion in any other manner or circumstance, but in any case only if and to the extent that its right to do so would not have prevented an underwriter from lawfully purchasing or selling bonds in the primary offering of the Series 2012 Bonds, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule.

SECTION 405. County Continuing Disclosure Undertaking. The Authority shall covenants and agrees to cause the County to comply with the Continuing Disclosure Undertaking in the Joint Project Agreement.

ARTICLE V
COVENANTS AND MISCELLANEOUS PROVISIONS

SECTION 501. Notice. Any notice, demand, direction, request, or other instrument authorized or required by this First Supplemental Indenture to be given to or filed with the Authority or the Trustee shall be deemed to have been given only upon receipt. Any notice shall be sent by first class mail, postage prepaid, to the address specified below or, to such other address as may be designated in writing by the parties:

If to Authority: Fort Bend Grand Parkway Toll Road Authority
County Administration Building
309 S. Fourth, Suite 719
Richmond, Texas 77469
Attn: County Judge

If to Trustee: Wells Fargo Bank, N.A.
750 N. St. Paul Place, Suite 1750
Dallas, Texas 775201

SECTION 502. No Recourse on Series 2012 Bonds. No recourse shall be had for payment of the principal of or interest on the Series 2012 Bonds or for any claim based thereon or on the First Supplemental Indenture against the Authority President or any director or officer of the Authority or any person executing the Series 2012 Bonds and neither the Authority President or any director or officer of the Authority nor any person executing the Series 2012 Bonds of the Authority shall be liable personally on the Series 2012 Bonds by reason of the issuance thereof.

SECTION 503. Execution in Several Counterparts. This First Supplemental Indenture may be simultaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original.

[Execution Page Follows]

IN WITNESS WHEREOF, the Authority and the Trustee have caused this First Supplemental Trust Indenture to be signed, sealed and attested on their behalf by their duly authorized representatives, all as of the date first hereinabove written.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY

By: _____
Chairman

ATTEST:

By: _____
Assistant Secretary

(SEAL)



WELLS FARGO BANK, N.A., Trustee

By: _____
Name: Kristel D. Richards
Title: Vice President

ATTEST:

By: _____
Name: Sandra Y. Jones
Title: Vice President

(SEAL)



EXHIBIT A

TO

FIRST SUPPLEMENTAL
LIMITED CONTRACT TAX AND SUBORDINATE LIEN TOLL ROAD
REVENUE BOND TRUST INDENTURE

AUTHORIZING

$155,085,000 FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
LIMITED CONTRACT TAX AND SUBORDINATE
LIEN TOLL ROAD REVENUE BONDS, SERIES 2012

FORM OF BOND

(a) Form of Series 2012 Bond

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF FORT BEND

REGISTERED
NUMBER
_____

REGISTERED
DENOMINATION
$_____

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
LIMITED CONTRACT TAX AND SUBORDINATE
LIEN TOLL ROAD REVENUE BOND, SERIES 2012

INTEREST RATE: MATURITY DATE: ISSUE DATE: August 1, 2012 CUSIP:

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

Fort Bend Grand Parkway Toll Road Authority (the "Authority"), a local government corporation created by Fort Bend County, Texas, promises to pay to the registered owner identified above, or registered assigns, on the maturity date specified above, upon presentation and surrender of this Bond at Wells Fargo Bank, N.A. (the "Trustee" or the "Registrar"), at its designated office, the principal amount identified above, payable in any coin or currency of the United States of America which on the date of payment of such principal is legal tender for the payment of debts due the United States of America, and to pay interest thereon at the rate shown above, calculated on the basis of a 360 day year of twelve 30 day months, from the later of the date of delivery hereof, August 22, 2012, or the most recent interest payment date to which interest has been paid or duly provided for. Interest on this Bond is payable by check on March 1, 2013, and semiannually thereafter on each September 1 and March 1, mailed to the registered owner as shown on the books of registration kept by the Registrar as of the close of business on the 15th day of the calendar month next preceding each interest payment date.

THIS BOND IS ONE OF A SERIES OF BONDS designated "Fort Bend Grand Parkway Toll Road Authority, Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012" (herein called the "Series 2012 Bonds"), aggregating $155,085,000, issued for the purpose of acquisition or improvement of certain portions of Segment D of the Grand Parkway System (as further defined in the Indenture (defined below), the "Project"), and all other costs related to such facilities, under the laws enacted under the Constitution, including Chapter 1201, Texas Government Code, as amended, and Chapter 284, Texas Transportation Code, as amended (collectively, the "Act"), and pursuant to a resolution adopted by the Board of Directors of the Authority (the "Resolution"), which Resolution is of record in the official minutes of the Board of Directors of the Authority. The Series 2012 Bonds are further issued under and pursuant to that certain Limited Contract Tax and Subordinate Lien Toll Road Revenue Bond Trust Indenture dated as of July 1, 2012 (herein called the "Original Indenture"), between the Authority and Wells Fargo Bank, N.A. as Trustee (together with any successor, the "Trustee") as supplemented by the First Supplemental Limited Contract Tax and Subordinate Lien Toll Road Revenue Bond Trust Indenture dated as of July 1, 2012, between the Authority and the Trustee (herein called the "First Supplemental Indenture" and together with the Original Indenture called the "Indenture").

THE SERIES 2012 BONDS are payable from the payments from Fort Bend County, Texas (the "County") pursuant to a Joint Project Agreement with the Authority, pursuant to which the County is obligated to levy, assess and collect a continuing, direct annual ad valorem tax, within the limits provided by law, upon all taxable property within Fort Bend County, Texas and are further payable from and secured by a lien on and pledge of the Trust Estate as defined in the Indenture to the extent provided in the Indenture, including a subordinate lien pledge of Net Revenues of the Fort Bend Grand Parkway, including the Project. Other than the contract tax revenues received under the Joint Project Agreement, the holders of the Bonds shall never have the right to demand payment of the Bond out of any funds raised or to be raised by taxation. As provided in the Indenture, additional bonds may be issued from time to time pursuant to supplemental indentures in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and, subject to the provisions thereof, may otherwise vary. All bonds issued and to be issued under the Indenture are and will be equally

secured by the pledges, assignments in trust, and covenants made therein, except as otherwise expressly provided or permitted in the Indenture.

THE AUTHORITY RESERVES THE RIGHT to redeem the Series 2012 Bonds scheduled to mature on or after March 1, 2023, prior to maturity, in whole or from time to time in part, in integral multiples of $5,000, on March 1, 2022, or any date thereafter at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. Reference is made to the Indenture for complete details concerning the manner of redeeming the Bonds.

THE BONDS maturing on March 1, in each of the years 2037, 2042, and 2046 (collectively, the "Term Bonds") are subject to mandatory redemption prior to maturity in the amounts and on the dates set out below, at a price equal to the principal amount to be redeemed plus accrued interest to the redemption date:

TERM BONDS MATURING IN THE YEAR 2037

Mandatory Redemption	Principal Amount
March 1, 2033	$5,535,000
March 1, 2034	$5,805,000
March 1, 2035	$6,090,000
March 1, 2036	$6,390,000
March 1, 2037 (maturity)	$6,705,000

TERM BONDS MATURING IN THE YEAR 2042

Mandatory Redemption	Principal Amount
March 1, 2038	$7,040,000
March 1, 2039	$7,385,000
March 1, 2040	$7,750,000
March 1, 2041	$8,135,000
March 1, 2042 (maturity)	$8,540,000

TERM BONDS MATURING IN THE YEAR 2046

Mandatory Redemption	Principal Amount
March 1, 2043	$ 8,920,000
March 1, 2044	$ 9,265,000
March 1, 2045	$ 9,630,000
March 1, 2046 (maturity)	$10,010,000

The particular Term Bonds to be redeemed shall be selected by the Registrar by lot or other customary random selection method, on or before January 15 of each year in which Term Bonds are to be mandatorily redeemed. The principal amount of Term Bonds to be mandatorily redeemed in each year shall be reduced by the principal amount of such Term Bonds that have

been acquired by the District and delivered to the Registrar for cancellation or have been optionally redeemed and which have not been made the basis for a previous reduction.

NOTICE OF ANY REDEMPTION shall be given at least thirty (30) days prior to the date fixed for redemption by first class mail, addressed to the registered owners of each Series 2012 Bond to be redeemed in whole or in part at the address shown on the books of registration kept by the Registrar. When Series 2012 Bonds or portions thereof have been called for redemption, and due provision has been made to redeem the same, the amounts so redeemed shall be payable solely from the funds provided for redemption, and interest which would otherwise accrue on the amounts called for redemption shall terminate on the date fixed for redemption.

THIS BOND is transferable only upon presentation and surrender at the designated office of the Trustee in Dallas, Texas, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative, subject to the terms and conditions of the Indenture.

THE BONDS are exchangeable at the designated office of the Trustee in Dallas, Texas, for Bonds in the principal amount of $5,000 or any integral multiple thereof, subject to the terms and conditions of the Indenture.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Indenture unless this Bond is either (i) registered by the Comptroller of Public Accounts of the State of Texas by registration certificate attached or affixed hereto or (ii) authenticated by the Registrar by due execution of the authentication certificate endorsed hereon.

THE REGISTERED OWNER of this Bond, by acceptance hereof, acknowledges and agrees to be bound by all the terms and conditions of the Indenture.

THE AUTHORITY has covenanted in the Indenture that it will at all times provide a legally qualified registrar for the Bonds and will cause notice of any change of registrar to be mailed to each registered owner.

IT IS HEREBY certified, recited and covenanted that this Bond has been duly and validly issued and delivered; that all acts, conditions and things required or proper to be performed, to exist and to be done precedent to or in the issuance and delivery of this Bond have been performed, exist and have been done in accordance with law; and that provision has been made for the payment of the interest on and principal of this Bond, and on all of the Bonds by the creation of the aforesaid lien on and pledge of the Trust Estate.

IT IS HEREBY FURTHER CERTIFIED, recited and covenanted that this Bond is payable from and secured by a lien on and pledge of the Trust Estate as defined in the Indenture to the extent provided in the Indenture.

IN WITNESS WHEREOF, this Bond has been signed with the manual or facsimile signature of the Authority Chairman, countersigned with the manual or facsimile signature of the Authority Assistant Secretary, and the official seal of the Authority has been duly impressed, or placed in facsimile, on this Bond.

_____
Chairman

COUNTERSIGNED:

_____
Assistant Secretary

(SEAL)

(b) Form of Registration Certificate of Comptroller.

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS MY SIGNATURE AND SEAL this _____.

_____
Comptroller of Public Accounts
of the State of Texas

(SEAL)

(c) Form of Registrar's Authentication Certificate.

AUTHENTICATION CERTIFICATE
It is hereby certified that this Bond is one of the Bonds referred to in the Indenture.

WELLS FARGO BANK, N.A.
As Trustee

By _____
Authorized Signatory
Date of Authentication _____

(d) Form of Assignment.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns, and transfers unto

_____

(Please print or type name, address, and zip code of Transferee)

_____

(Please insert Social Security or Taxpayer Identification Number of Transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer said Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: _____

_____

Registered Owner

NOTICE: The signature above must correspond to the name of the registered owner as shown on the face of this Bond in every particular, without any alteration, enlargement or change whatsoever.

Signature Guaranteed:

_____

_____

NOTICE: Signature must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

Execution Version

$155,085,000
FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
LIMITED CONTRACT TAX AND SUBORDINATE LIEN
TOLL ROAD REVENUE BONDS
SERIES 2012

BOND PURCHASE AGREEMENT

July 24, 2012

Fort Bend Grand Parkway Toll Road Authority
Board of the Authority
Fort Bend County
301 Jackson Street
Richmond, Texas 77469

Ladies and Gentlemen:

The undersigned, Merrill Lynch, Pierce, Fenner & Smith Incorporated (hereinafter called the "Representative"), acting on its own behalf and on behalf of the other underwriters listed on **Schedule I** hereto (the Representative and such other underwriters being collectively called the "Underwriters"), and not acting as a fiduciary or agent for you, offers to enter into the following agreement (the "Agreement") with the Fort Bend Grand Parkway Toll Road Authority (the "Issuer") which, upon the Issuer's written acceptance of this offer, will be binding upon the Issuer and upon the Underwriters. This offer is made subject to the Issuer's written acceptance hereof on or before 6:00 p.m., Houston, Texas time, on the date hereof and, if not so accepted, will be subject to withdrawal by the Underwriters upon written notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in this Agreement shall have the same meanings set forth in the Bond Resolution (as defined herein), the Indenture (as defined herein) or in the Official Statement (as defined herein), as appropriate.

1. ***Purchase and Sale of the Bonds.*** Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree, jointly and severally, to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all, but not less than all, of the Issuer's Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012 (the "Bonds").

The Issuer acknowledges and agrees that in connection with the purchase and sale of the Bonds pursuant to this Agreement and the offering of the Bonds for sale and the discussions and negotiations relating to the terms of the Bonds set forth in this Agreement: (i) the primary role of the Underwriters, as underwriters, is to purchase securities for resale to investors in an arms-length commercial transaction between the Issuer and the Underwriters and the Underwriters

have financial and other interests that differ from those of the Issuer, (ii) the Underwriters are acting solely as principals and are not acting as municipal advisors, financial advisors or fiduciaries to the Issuer and have not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the Issuer on other matters), (iii) the only obligations the Underwriters have to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this Agreement and (iv) the Issuer has consulted its own municipal, legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate in connection with the transaction contemplated herein. The Representative represents and warrants to the Issuer that it has been duly authorized to act on behalf of itself and the other Underwriters to enter into this Agreement and to take all actions, on behalf of the Underwriters, required or contemplated to be performed by the Underwriters under this Agreement.

The principal amount of the Bonds to be issued, maturities and the Initial Rates at which the Bonds will bear interest are set forth in **Schedule II** hereto. The Bonds will be dated, bear interest, be subject to optional and mandatory redemption, have optional and mandatory tender features, and be issued and secured under and as provided in the Bond Resolution adopted by the Board of the Authority of the Issuer on July 24, 2012 (the "Bond Resolution"), the Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds Trust Indenture ("the "Master Trust Indenture") between the Authority and Wells Fargo Bank, N.A. (the "Trustee") dated as of July 1, 2012, and the First Supplemental Trust Indenture (the "Supplemental Indenture") between the Authority and the Trustee dated as of July 1, 2012. The Master Indenture and the Supplemental Indenture are collectively referred to herein as the "Indenture" (this Agreement, the Bond Resolution, the Undertaking, the Joint Project Agreement (defined below) and the Indenture are hereinafter referred to as the "Issuer Documents"). In addition, Fort Bend County, Texas (the "County") has agreed to make certain payments to the Issuer in connection with the Bonds and the Fort Bend Grand Parkway pursuant to that certain Joint Project Agreement, dated as of July 24, 2012 (the "Joint Project Agreement"). As used herein, including in Section 6(i)(3) hereof, the term "Undertaking" includes the continuing disclosure undertaking of the Authority, as provided in the Supplemental Indenture, and of the County, as provided in the Joint Project Agreement, respectively.

The purchase price for the Bonds shall be $172,916,719.55 (representing the principal amount of the Bonds, plus premium in the amount of $18,745,356.05, less an underwriting discount of $913,636.50), with no accrued interest.

Delivered to the Issuer herewith is the Representative's good faith corporate check payable to the order of the Issuer in the amount of $1,529,750.00 (the "Check"). In the event that the Issuer accepts this Agreement, the Check shall be held uncashed by the Issuer until the time of Closing, at which time the Check shall be returned uncashed to the Representative. In the event that the Issuer does not accept this Agreement, the Check shall be immediately returned to the Representative. Should the Issuer fail to deliver the Bonds at the Closing, or should the Issuer be unable to satisfy the conditions of the obligations of the Underwriters to purchase, accept delivery of and pay for the Bonds, as set forth in this Agreement (unless waived by the Underwriters), or should such obligations of the Underwriters be terminated for any reason

permitted by this Agreement, the Check shall immediately be returned to the Representative. In the event that the Underwriters fail (other than for a reason permitted hereunder) to purchase, accept delivery of and pay for the Bonds at the Closing as herein provided, the Check shall be cashed and the amount thereof retained by the Issuer as and for fully liquidated damages for such failure of the Underwriters, and, except as set forth in Sections 8 and 10 hereof, no party shall have any further rights against the other hereunder. The Underwriters and the Issuer understand that in such event the Issuer's actual damages may be greater or may be less than such amount. Accordingly, the Underwriters hereby waive any right to claim that the Issuer's actual damages are less than such amount, and the Issuer's acceptance of this offer shall constitute a waiver of any right the Issuer may have to additional damages from the Underwriters. The Representative hereby agrees not to stop or cause payment on said check to be stopped unless the Issuer has breached any of the terms of this Agreement.

2. ***Public Offering***. The Underwriters agree to make an initial public offering of all the Bonds at a price not in excess of the initial offering price or prices set forth in the Official Statement; provided, however, that the Underwriters may change such initial offering price or prices as they deem necessary in connection with the offering of the Bonds without any requirement of prior notice, and may offer and sell the Bonds to certain institutions (including dealers depositing the Bonds into investment trusts) at prices lower than those stated in the Official Statement. The Underwriters also reserve the right to: (i) over-allot or effect transactions that stabilize or maintain the market price of the Bonds at levels above those that might otherwise prevail in the open market and (ii) discontinue such stabilizing, if commenced, at any time without prior notice; provided, however that no such actions shall affect the certification of original issue price of the Bonds as provided below. On or before Closing, the Representative shall execute an Issue Price Certificate in the form attached as Exhibit B hereto, setting forth the initial offering prices of the Bonds to the public.

3. ***The Official Statement***. (a) The Issuer previously has delivered copies of the Preliminary Official Statement dated July 16, 2012 (the "Preliminary Official Statement"), to the Underwriters in a "designated electronic format," as defined in the Municipal Securities Rulemaking Board's ("MSRB") Rule G-32 ("Rule G-32"). The Underwriters hereby confirm that the Preliminary Official Statement was delivered in such a format. The Issuer will prepare or cause to be prepared a final Official Statement relating to the Bonds, which will be (1) dated the date of this Agreement, (2) complete within the meaning of the United States Securities and Exchange Commission's Rule 15c2-12, as amended (the "Rule"), (3) substantially in the form of the most recent version of the Preliminary Official Statement provided to the Underwriters before the execution hereof and (4) in both a "designated electronic format" consistent with the requirements of Rule G-32 (as to which the Underwriters shall satisfy themselves prior to the printing thereof and prior to Closing) and in a printed format. Such final Official Statement, including the cover page thereto, all exhibits, appendices, maps, charts, pictures, diagrams, reports, and statements included or incorporated therein or attached thereto, and all amendments and supplements thereto that may be authorized for use with respect to the Bonds, is herein referred to as the "Official Statement." Until the Official Statement has been prepared and is available for distribution, the Issuer shall provide to the Underwriters sufficient quantities of the Preliminary Official Statement (which may be in electronic form) as the Representative deems reasonably necessary to satisfy the obligation of the Underwriters under the Rule with respect to

distribution to each potential customer, upon request, of a copy of the Preliminary Official Statement.

(b) The Preliminary Official Statement has been prepared by the Issuer for use by the Underwriters in connection with the public offering, sale and distribution of the Bonds. The Issuer deemed the Preliminary Official Statement final in the Resolution as of its date of adoption, and the Issuer deems the Preliminary Official Statement final as of the date hereof, for purposes of the Rule 15c2-12, except for any information which is permitted to be omitted therefrom in accordance with paragraph (b)(1) thereof.

(c) The Issuer represents that it has reviewed and approved the information in the Preliminary Official Statement and the Issuer hereby authorizes the distribution and use of the Preliminary Official Statement and the Official Statement, and the information therein contained, by the Underwriters in connection with the public offering and the sale of the Bonds. The Issuer ratifies and consents to the distribution and use by the Underwriters prior to the date hereof of the Preliminary Official Statement in connection with the public offering and sale of the Bonds. The Issuer shall provide, or cause to be provided, to the Underwriters as soon as practicable after the date of the Issuer's acceptance of this Agreement (but, in any event, not later than the earlier of within seven business days after the Issuer's acceptance of this Agreement or two business days prior to the date of Closing, and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement which is complete as of the date of its delivery to the Underwriters (i) in a "designated electronic format" consistent with the requirements of Rule G-32 (as to which the Underwriters shall satisfy themselves prior to the printing thereof and prior to Closing) and (ii) in a printed format in such quantity as the Representative shall reasonably request in order for the Underwriters to comply with Section (b)(4) of the Rule and the rules of the MSRB. The Issuer hereby confirms that it does not object to the distribution of the Preliminary Official Statement or the Official Statement in electronic form.

(d) If, after the date of this Agreement to and including the date the Underwriters are no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the "end of the underwriting period" for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will notify the Representative (and for the purposes of this clause provide the Representative with such information as it may from time to time reasonably request), and if, in the reasonable judgment of the Representative, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer will forthwith prepare and furnish, at the Issuer's own expense (in a form and manner approved by the Representative), copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official

Statement will comply with law; provided, however, that for all purposes of this Agreement and any representation, warranty or covenant made herein, or any certificate delivered by the Issuer in accordance herewith, the Issuer makes no representations with respect to the descriptions in the Preliminary Official Statement or the Official Statement of The Depository Trust Company, New York, New York ("DTC"), or its book-entry-only system. If such notification shall be subsequent to the Closing, the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the Representative may deem reasonably necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement. The Issuer shall provide any such amendment or supplement, or cause any such amendment or supplement to be provided, (i) in a "designated electronic format" consistent with the requirements of Rule G-32 (as to which the Underwriters shall satisfy themselves prior to the printing thereof and prior to Closing) and (ii) in a printed format in such quantity as the Representative shall reasonably request in order for the Underwriters to comply with Section (b)(4) of the Rule and the rules of the MSRB.

(e) The Representative hereby agrees to timely file, or cause to be filed, the Official Statement (and any amendment or supplement to the Official Statement prepared in accordance with Section 3(d) above) with (i) the MSRB or its designee (including the MSRB's Electronic Municipal Market Access System) or (ii) other repositories approved from time to time by the United States Securities and Exchange Commission (in addition to the filing referred to in clause (i) above). Unless otherwise notified in writing by the Representative, the Issuer can assume that the "end of the underwriting period" for purposes of the Rule is the date of the Closing.

(f) In order to assist the Underwriters in complying with the Rule, the Issuer will undertake, pursuant to the Undertaking (as hereinafter defined), to provide annual financial information and notices of the occurrence of specified events. A description of the Undertaking is set forth in the Preliminary Official Statement and will be set forth in the Official Statement.

4. ***Representations, Warranties, and Covenants of the Issuer.*** The Issuer hereby represents and warrants to and covenants with the Underwriters that:

(a) The Issuer is a toll road authority that was created by an order of the County on June 15, 2010, to aid and assist and act on behalf of the County in the development of the portion of the Grand Parkway System located in Fort Bend County, Texas (the "Fort Bend Grand Parkway"), including the portion of the Fort Bend Grand Parkway being funded with proceeds of the Bonds (as further defined in the Indenture, the "Project").

(b) The Authority is a non-profit local government corporation established and operating under Chapters 284 and 431 of the Texas Transportation Code, as amended.

(c) The Issuer has full legal right, power and authority under the Constitution and general laws of the State, including Chapters 284, Texas Transportation Code (together, the "Act"), and at the date of the Closing will have full legal right, power and authority under the Act and the Bond Resolution (i) to adopt, enter into, execute and deliver this Agreement, the Bond Resolution, the Indenture (which contains the Undertaking referenced in Section 6(i)(3) hereof with respect to the Issuer), the Joint Project Agreement (which contains the Undertaking referenced in Section 6(i)(3) hereof with respect to the County) and all other documents required

hereunder and thereunder to be executed and delivered by the Issuer, (ii) to sell, issue and deliver the Bonds to the Underwriters as provided herein, and (iii) to carry out and consummate the transactions described in the Issuer Documents and the Official Statement. The Issuer has complied, and will at the Closing be in compliance in all material respects, with the terms of the Act and the Issuer Documents as they pertain to such transactions.

(d) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Bond Resolution and the issuance and sale of the Bonds on the terms set forth herein, (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part contained in, the Bonds and the Issuer Documents, (iii) the approval, distribution and use of the Preliminary Official Statement and the Official Statement for use by the Underwriters in connection with the public offering of the Bonds and (iv) the consummation by it of all other transactions described in the Official Statement, the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions described herein and in the Official Statement.

(e) This Agreement constitutes a legal, valid and binding obligation of the Issuer, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium, sovereign immunity of political subdivisions and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights and the exercise of judicial discretion in appropriate cases; the other Issuer Documents, when duly executed and delivered, will constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to sovereign immunity of political subdivisions, bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights and the exercise of judicial discretion in appropriate cases; the Bonds, when issued, delivered and paid for, in accordance with the Bond Resolution, the Indenture, the Joint Project Agreement and this Agreement, will constitute legal, valid and binding obligations of the Issuer entitled to the benefits of such documents and agreements and enforceable in accordance with their respective terms, subject to sovereign immunity of political subdivisions, bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; upon the issuance, authentication and delivery of the Bonds as aforesaid, the Bond Resolution, the Indenture and the Joint Project Agreement will provide, for the benefit of the holders of the Bonds, the legally valid and binding pledge of ad valorem taxes and toll road revenues and the liens they purport to create as set forth in the Bond Resolution, the Indenture and the Joint Project Agreement, being the pledge to levy, assess and collect an annual ad valorem tax, within the limits prescribed by law, upon all taxable property within the boundaries of the Issuer, sufficient to pay the principal of and interest on the Bonds when due to the extent that toll revenues of the Project are not otherwise sufficient as provided in the Issuer Documents.

(f) The Issuer is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States relating to the issuance of the Bonds or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer or any of its property or assets is otherwise subject, and no event

has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing; and the execution and delivery of the Bonds and the Issuer Documents and the adoption of the Bond Resolution and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a material breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or to which any of its property or assets are otherwise subject nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer to be pledged to secure the Bonds or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Bond Resolution.

(g) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the approval or adoption, as applicable, of the Issuer Documents, the issuance of the Bonds or the due performance by the Issuer of its obligations under the Issuer Documents and the Bonds have been duly obtained, except for the approval of the Bonds by the Attorney General of the State and the registration of the Bonds by the Comptroller of Public Accounts of the State and such approvals, consents and orders as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Bonds.

(h) The Bonds and the Bond Resolution conform to the descriptions thereof contained in the Official Statement under the caption "THE BONDS—General"; the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement under the caption "PLAN OF FINANCING," and the Undertakings conform to the description thereof contained in the Official Statement under the caption "CONTINUING DISCLOSURE OF INFORMATION."

(i) Except to the extent disclosed in the Official Statement, there is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the knowledge of the Issuer, threatened against the Issuer: (i) affecting the existence of the Issuer or the titles of its officers to their respective offices, (ii) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of ad valorem taxes and toll revenues pledged to the payment of principal of and interest on the Bonds pursuant to the Bond Resolution, the Indenture and the Joint Project Agreement, as applicable, (iii) in any way contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents, (iv) contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, (v) contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or (vi) contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Bond Resolution, the Indenture and the Joint Project Agreement or the execution and delivery of any other Issuer Documents, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Issuer Documents.

(j) As of the date thereof and as of the date hereof, to the knowledge and belief of the Issuer, the Preliminary 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, and the Preliminary Official Statement did and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(k) During the period beginning when the Official Statement is delivered to the Underwriters pursuant to Section 3(a) hereof up to and including the date of Closing, the Official Statement will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(l) If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 3 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading.

(m) The Issuer has the legal authority to apply and will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Bond Resolution, the Indenture and the Joint Project Agreement, as applicable, and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(n) The Issuer will furnish such information and execute such instruments and take such action in cooperation with the Underwriters as the Representative may reasonably request (A) to (y) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Representative may designate and (z) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Representative immediately of receipt by the Issuer of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose.

(o) The audited financial statements of, and other financial information regarding, the Issuer and the County in the Preliminary Official Statement and the Official Statement fairly present the financial position and results of the Issuer and the County as of the dates and for the periods therein set forth. The audited financial statements of the Issuer and the County have been prepared in accordance with generally accepted accounting principles consistently applied, and except as noted in the Preliminary Official Statement and the Official Statement, the other historical financial information set forth in the Official Statement has been presented on a basis

consistent with that of the Issuer's and the County's audited financial statements included in the Preliminary Official Statement and the Official Statement. Prior to the Closing, the Issuer will not take any action within or under its control, or permit the County to take any such action, that will cause any adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Issuer and the County, respectively. Except to the extent disclosed in the Preliminary Official Statement and the Official Statement, the Issuer is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer. Except to the extent disclosed in the Preliminary Official Statement and the Official Statement, the Issuer does not have any knowledge of the County being a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the County, would have a materially adverse effect on the financial condition of the County.

(p) Prior to the Closing, the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities (except in the ordinary course of business), direct or contingent, payable from or secured by any ad valorem taxes which will secure the Bonds without the prior approval of the Representative, which approval shall not be unreasonably withheld.

(q) Any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions described in this Agreement, shall be deemed a representation and warranty by the Issuer to the Underwriters as to the statements made therein.

(r) The Issuer covenants that between the date hereof and the Closing it will take no actions which will cause the representations and warranties made in this Section to be untrue.

(s) The Issuer, to the extent heretofore requested in writing by the Representative, has delivered to the Representative true, correct, complete, and legible copies of all information, applications, reports, or other documents of any nature whatsoever submitted to any rating agency for the purpose of obtaining a rating for the Bonds and true, correct, complete, and legible copies of all correspondence or other communications relating thereto.

5. ***Closing***. (a) At 10:00 a.m. Houston, Texas time, on August 22, 2012, or at such other time and date as shall have been mutually agreed upon by the Issuer and the Representative, the Issuer will, subject to the terms and conditions hereof, deliver to the Paying Agent/Registrar the Initial Bond registered in the name of the Representative, in temporary form, together with the other documents hereinafter mentioned, and will have available for immediate exchange definitive Bonds duly executed and authenticated in the form and manner described below, and the Paying Agent/Registrar will accept such delivery and the Underwriters will, subject to the terms and conditions hereof, pay the purchase price of the Bonds, as set forth in Section 1 of this Agreement, in immediately available funds by federal funds wire transfer to or for the account of the Issuer (such events being referred to herein as the "Closing"). Payment for the Bonds as aforesaid shall be made at the offices of the Paying Agent/Registrar, or such other place as shall have been mutually agreed upon by the Issuer and the Representative.

(b) Delivery of the Bonds in definitive form shall be made through the facilities of DTC's book-entry-only system. The definitive Bonds shall be delivered in fully registered form, bearing CUSIP numbers without coupons, with one Bond for each maturity of the Bonds and registered in the name of Cede & Co., as nominee of DTC, all as provided in the Bond Resolution, and shall be made available to the Representative at least one business day before the Closing for purposes of inspection. Unless otherwise agreed to by the Representative, the Bonds will be delivered under DTC's FAST delivery system.

6. ***Closing Conditions***. The Underwriters have entered into this Agreement in reliance upon the representations, warranties and agreements of the Issuer contained herein, and in reliance upon the accuracy of the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters' obligations under this Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Representative, unless waived in writing by the Representative on behalf of the Underwriters:

(a) The representations and warranties of the Issuer contained herein shall be true, complete and correct in all material respects on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing.

(b) The Issuer shall have performed and complied in all material respects with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing.

(c) At the time of the Closing, (i) the Issuer Documents and the Bonds shall have been duly executed, delivered and authenticated, as applicable, shall be in full force and effect and shall not have been amended, modified or supplemented, and the Official Statement shall have been delivered and shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative; and (ii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel and counsel to the Underwriters to deliver their respective opinions referred to hereafter.

(d) At the time of the Closing, all official action of the Issuer relating to the Bonds and the Issuer Documents shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been approved by the Representative.

(e) At or prior to the Closing, the Bond Resolution, the Indenture and the Joint Project Agreement shall have been duly executed and delivered by the Issuer and in the case of the Joint Project Agreement, the County, and the Issuer shall have duly executed and delivered and the Paying Agent/Registrar shall have duly authenticated the definitive Bonds.

(f) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Issuer or the County, from that set forth in the Official Statement that in the reasonable judgment of the Representative is material and adverse and that makes it, in the reasonable judgment of the Representative, impracticable to market the Bonds on the terms and in the manner described in the Official Statement.

(g) The Issuer and the County shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money.

(h) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions described in this Agreement shall be reasonably satisfactory in legal form and effect to the Representative, Bond Counsel and counsel to the Underwriters.

(i) At or prior to the Closing, the Representative shall have received one copy of each of the following documents:

(1) The Official Statement, and each supplement or amendment thereto, if any, in (i) a "designated electronic format" that meets the requirements of Rule G-32 (as to which the Representative shall have independently confirmed to its satisfaction in accordance with Section 3) and (ii) a printed format;

(2) The Bond Resolution and the Indenture certified by the Secretary of the Board under the Issuer's seal as having been duly adopted by the Issuer and as being in effect, with such supplements or amendments as may have been agreed to by the Representative;

(3) The Continuing Disclosure Undertakings (collectively, the "Undertakings" and each an "Undertaking") of the Issuer and the County which satisfy the requirements of section (b)(5)(i) of the Rule, which Undertakings are included in the applicable Issuer Documents as specified in Section 1 hereof;

(4) Fully-executed copies of each Issuer Document;

(5) A copy of an opinion or certificate, dated on or prior to the date of Closing, of the Attorney General of the State approving the Bonds as required by law and a copy of the registration certificate of the Comptroller of Public Accounts of the State;

(6) The approving opinion of Bond Counsel with the respect to the Bonds, in substantially the form attached to the Official Statement;

(7) A supplemental opinion of Bond Counsel addressed to the Underwriters, substantially to the effect that:

(i) the Bond Resolution, the Indenture and the Joint Project Agreement have been duly adopted by the Issuer and are in full force and effect;

(ii) the Bonds are exempted securities under section 3(a)(2) of the Securities Act of 1933, as amended (the "1933 Act"), and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act") and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the 1933 Act or to qualify the Bond Resolution under the Trust Indenture Act; and

(iii) except to the extent noted therein, such firm has not verified and is not passing upon, and does not assume any responsibility for, the accuracy, completeness or fairness of the statements contained in the Official Statement, but that said firm has reviewed the statements and information contained under the captions and subcaptions, "THE BONDS" (except "Book-Entry-Only System," as to which no opinion is expressed), "THE AUTHORITY," "THE GRAND PARKWAY SYSTEM," "SECURITY AND SOURCE OF PAYMENT," and "CONTINUING DISCLOSURE OF INFORMATION" (except for the information under the subcaption "Compliance With Prior Undertakings," as to which no opinion is expressed) and is of the opinion that the statements and information contained therein fairly and accurately reflect the provisions of the Resolution; "PLAN OF FINANCING—Purpose of the Bonds," "TAX MATTERS," "OTHER INFORMATION—Legal Investments and Eligibility to Secure Public Funds in Texas," "Registration and Qualification of Bonds for Sale," and "—Legal Matters" and such firm is of the opinion that the statements and information contained therein are correct as to matters of law.

(8) An opinion, dated the date of the Closing and addressed to the Underwriters, of counsel for the Underwriters in substantially the form set forth in **Exhibit A**;

(9) An opinion, dated the date of the Closing and addressed to the Underwriters, of the County's Attorney providing that (i) the County's obligation under the Joint Project Agreement are payable from a direct ad valorem tax, within the limits prescribed by law, upon all taxable property or the County; (ii) the Joint Project Agreement was duly authorized by the Commissioner's Court of the County and is enforceable pursuant to its terms except as limited pursuant to customary bankruptcy exceptions.

(10) A certificate, dated the date of Closing, signed by the President of the Board of the Issuer or other official acceptable to the Representative to the effect that (i) the representations and warranties of the Issuer contained herein or in any certificate or document delivered by the Issuer pursuant to the provisions hereof are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; (ii) except to the extent disclosed in the Official Statement, no litigation, action, suit or proceeding or tax challenge against it is pending or, to such person's knowledge, threatened in any court or administrative body, nor is there a basis for litigation which would (a) contest the right of the officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the Bonds or the Issuer Documents or (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from

functioning and collecting taxes and revenues and other income or levying and collecting the taxes and revenues pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof; (iii) the official actions of the Issuer authorizing the execution, delivery and/or performance of the Official Statement, the Bonds and Issuer Documents have been duly adopted by the Issuer, are in full force and effect and have not been modified, amended or repealed; (iv) to such person's knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any respect as of the time of Closing, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; and (v) there has not been any materially adverse change in the financial condition of the Issuer since August 31, 2011, the latest date as of which audited financial information is available;

(11) A certificate, dated the date of Closing, signed by the County Judge or other official acceptable to the Representative to the effect that (i) except to the extent disclosed in the Official Statement, no litigation, action, suit or proceeding or tax challenge against it is pending or, to such person's knowledge, threatened in any court or administrative body, nor is there a basis for litigation which would (a) contest the right of the officials of the County to hold and exercise their respective positions, (b) contest the due organization and valid existence of the County, (c) contest the validity, due authorization and execution of the Bonds or the Issuer Documents or (d) attempt to limit, enjoin or otherwise restrict or prevent the County from functioning and collecting taxes and other income or levying and collecting the taxes committed to pay the principal of and interest on the Bonds, or the pledge thereof; (ii) the official actions of the County authorizing the execution, delivery and/or performance of the Official Statement, the Bonds and Issuer Documents have been duly adopted by the County, are in full force and effect and have not been modified, amended or repealed; (iii) to such person's knowledge, no event affecting the County has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any respect as of the time of Closing, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; and (iv) there has not been any materially adverse change in the financial condition of the County since August 31, 2011, the latest date as of which audited financial information is available;

(12) A certificate of the Issuer in form and substance satisfactory to Bond Counsel and counsel to the Underwriters setting forth the facts, estimates and

circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" or "private activity bonds" within the meaning of Section 148 and 141, respectively, of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code;

(13) Evidence in a form acceptable to the Representative that Moody's Investors Service, Inc. and Fitch Ratings have assigned ratings of "Aa1" and "AA+," respectively, to the Bonds, and that such ratings are in effect as of the date of Closing;

(14) Such additional legal opinions, certificates, instruments and other documents as the Representative, Bond Counsel or counsel to the Underwriters may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the Issuer's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Issuer on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by the Issuer.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance reasonably satisfactory to the Representative.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this Agreement, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriters nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriters set forth in Sections 1 (with respect to the Good Faith Check) 4, 8 and 10 hereof shall continue in full force and effect.

7. ***Termination***. The Underwriters shall have the right to cancel their obligation to purchase the Bonds and terminate this Agreement if, between the date of this Agreement and the Closing, the market price or marketability of the Bonds shall be materially adversely affected, in the judgment of the Representative, reasonably exercised, by the occurrence of any of the following:

(a) Legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the

Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds, or the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions described herein.

(b) Legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Bond Resolution is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as described herein or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect.

(c) Any state blue sky or securities commission or other governmental agency or body in a state in which fifteen percent (15%) or more of the Bonds have been sold shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto, provided that such withholding or stop order is not due to the malfeasance, misfeasance or nonfeasance of the Underwriters.

(d) The occurrence of a major financial crisis, a general suspension of trading in securities on the New York Stock Exchange or any other major exchange, the establishment of minimum or maximum prices on any such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange on the trading of securities not now in force.

(e) A general banking moratorium declared by federal, State of New York, or State officials authorized to do so.

(f) The New York Stock Exchange or other national securities exchange or any governmental authority shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriters.

(g) Any amendment to the federal or Texas Constitution or action by any federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Issuer, its property, income, securities (or interest thereon), or the validity or enforceability of the assessments or the levy of taxes to pay principal of and interest on the Bonds.

(h) Any event occurring, or information becoming known which, in the reasonable judgment of the Representative, makes untrue in any material respect any material statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and the Issuer refuses to permit the Official Statement to be supplemented to supply such statement or information or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Bonds in the judgment of the Representative, reasonably exercised.

(i) There shall have occurred since the date of this Agreement any materially adverse change in the affairs or financial condition of the Issuer, except for changes which the Official Statement discloses are expected to occur.

(j) There shall have occurred any (i) new material outbreak of hostilities (including, without limitation, an act of terrorism) or (ii) new material other national or international calamity or crisis, or any material adverse change in the financial, political or economic conditions affecting the United States, including, but not limited to, an escalation of hostilities that existed prior to the date hereof

(k) Any litigation shall be instituted or be pending at the time of the Closing to restrain or enjoin the issuance, sale or delivery of the Bonds, or in any way contesting or affecting any authority for or the validity of the proceedings authorizing and approving the Act, the Bond Resolution, the Issuer Documents or the existence or powers of the Issuer with respect to its obligations under the Issuer Documents.

(l) There shall have occurred any downgrading or published negative credit watch or similar published information from a rating agency that at the date of this Agreement has published a rating (or has been asked to furnish a rating on the Bonds) on any of the Issuer's debt obligations that are secured in a like manner as the Bonds, which action reflects a negative change in the unenhanced ratings accorded any such obligations of the Issuer (including any rating to be accorded the Bonds).

(m) A material disruption in securities settlement, payment or clearance services or a material disruption or deterioration in the fixed income or municipal securities market shall have occurred.

(n) A decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Bonds, including the underlying obligations as described in this Agreement or the Official Statement, or any document relating to the issuance, offering or sale of the Bonds, is or would be in violation of any applicable law, rule or regulation, including without limitation any provision of the federal securities laws in effect at the Closing date, including 1933 Act, the Securities Exchange Act of 1934 and the Trust Indenture Act.

(o) The purchase of and payment for the Bonds by the Underwriters, or the resale of the Bonds by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission which prohibition shall occur subsequent to the date hereof, and is not the result of the Underwriters' acts or failure to act.

With respect to the conditions described in subparagraph (o) above, the Representative is not aware of any current, pending or proposed law or government inquiry or investigation as of the date of execution of this Agreement which would permit the Underwriters to invoke their termination rights hereunder.

8. ***Expenses***. (a) The Underwriters shall be under no obligation to pay, and the Issuer shall pay, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to (i) the cost of preparation and printing of the Bonds; (ii) the fees and disbursements of Bond Counsel and the Financial Advisor to the Issuer; (iii) the fees and disbursements of any other engineers, accountants, and other experts, consultants or advisers retained by the Issuer; (iv) the fees for bond ratings; (v) the costs of preparing, printing and mailing the Preliminary Official Statement and the Official Statement; (vi) the fees and expenses of the Paying Agent/Registrar; (vii) advertising expenses (except any advertising expenses of the Underwriters as set forth below); (viii) the out-of-pocket, miscellaneous and closing expenses, including the cost of travel, of the officers and authority of the Issuer; and (ix) any other expenses mutually agreed to by the Issuer and the Representative to be reasonably considered expenses of the Issuer which are incident to the transactions described herein.

(b) The Underwriters shall pay (i) the cost of preparation and printing of this Agreement and the Blue Sky Survey and Legal Investment Memorandum, if any; (ii) all advertising expenses in connection with the public offering of the Bonds; and (iii) all other expenses incurred by it in connection with the public offering of the Bonds, including the fees and disbursements of counsel retained by the Underwriters. Certain expenses of the Underwriters may be in the form of inclusion of such expenses in the expense component of the Underwriters' discount.

9. ***Notices***. Any notice or other communication to be given to the Issuer under this Agreement may be given by delivering the same in writing to the Issuer at the address first shown above, Attention: President of the Board, and any notice or other communication to be given to the Underwriters under this Agreement may be given by delivering the same in writing to Merrill Lynch, Pierce, Fenner & Smith Incorporated, 1221 McKinney St., Suite 3850, Houston, Texas, 77010, Attention: Mr. Steve Claiborn.

10. ***Parties in Interest***. This Agreement as heretofore specified shall constitute the entire agreement between the Issuer and the Underwriters and is made solely for the benefit of the Issuer and the Underwriters (including successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Issuer. All of the Issuer's representations and warranties contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of any of the Underwriters; (ii) delivery of and payment for the Bonds pursuant to this Agreement; and (iii) any termination of this Agreement.

11. ***Effectiveness***. This Agreement shall become effective upon the acceptance hereof by the Issuer and shall be valid and enforceable at the time of such acceptance.

12. ***Choice of Law***. This Agreement shall be governed by and construed in accordance with the laws of the State.

13. ***Severability***. If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision or provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

14. ***Business Day***. For purposes of this Agreement, "business day" means any day on which the New York Stock Exchange is open for trading.

15. ***Section Headings***. Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

16. ***Counterparts***. This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

17. ***No Personal Liability***. None of the members of the Board, nor any officer, agent, or employee of the Issuer, shall be charged personally by the Underwriters with any liability, or be held liable to the Underwriters under any term or provision of this Agreement, or because of execution or attempted executing, or because of any breach or attempted or alleged breach, of the Agreement.

18. ***Use of Documents.*** The Issuer hereby authorizes the Underwriter to use, in connection with the public offering and sale of the Bonds, this Agreement, the Preliminary Official Statement, the Official Statement and the Bond Resolution, and the information contained herein and therein.

19. ***Representative Capacity***. Any authority, right, discretion or other power conferred upon the Underwriters or the Representative under any provision of this Agreement may be exercised by the Representative, and the Issuer shall be entitled to rely upon any request, notice or statement if the same shall have been given or made by the Representative.

If you agree with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Representative. This Agreement shall become a binding agreement between you and the Underwriters when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

Very truly yours,

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
as Representative for the Underwriters
Identified on Schedule I

By:_____
Authorized Officer

APPROVED AND ACCEPTED on July 24, 2012 at 12:30 o'clock a.m./(p.m.) as of the date hereof:

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY

By:_____
Authorized Representative

SCHEDULE I

UNDERWRITERS

Merrill Lynch, Pierce, Fenner & Smith Incorporated
Citigroup Global Markets Inc.
Estrada Hinojosa & Company, Inc.
Loop Capital Markets
Morgan Keegan & Company, Inc., or its successor in interest, (the "Representative" or "Morgan Keegan"), acting on behalf of itself and as representative of Raymond James & Associates, Inc.

SCHEDULE II

$155,085,000
FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
LIMITED CONTRACT TAX AND SUBORDINATE LIEN
TOLL ROAD REVENUE BONDS
SERIES 2012

Stated Maturity (March 1)	Principal Amount(b)	Interest Rate	Yield (a)
2021	$ 1,230,000	5.000%	1.870%
2022	2,460,000	5.000%	2.030%
2023	3,575,000(d)	5.000%	2.180%
2024	3,750,000(d)	5.000%	2.290%
2025	3,930,000(d)	5.000%	2.380%
2026	4,125,000(d)	5.000%	2.460%
2027	4,325,000(d)	5.000%	2.530%
2028	4,535,000(d)	5.000%	2.610%
2029	4,710,000	3.000%	3.070%
2030	4,890,000(d)	5.000%	2.760%
2031	5,080,000	3.000%	3.180%
2032	5,275,000(d)	5.000%	2.900%

$30,525,000 5.000% Term Bonds due March 1, 2037, Yield 3.110%(a)(b)(c)(d)

$38,850,000 5.000% Term Bonds due March 1, 2042, Yield 3.160%(a)(b)(c)(d)

$37,825,000 4.000% Term Bonds due March 1, 2046, Yield 3.900%(a)(b)(c)(d)

Interest accrues from the date of delivery.

(a) The initial reoffering prices or yields of the Bonds are furnished by the Underwriters and represent the initial offering prices or yields to the public, which may be changed by the Underwriters at any time.

(b) The Bonds stated to mature on and after March 1, 2023 are subject to optional redemption prior to maturity, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2022 or any date thereafter, at a redemption price of par plus accrued interest to the date of redemption.

(c) Term Bonds are subject to mandatory sinking fund redemption as set forth in the Indenture.

(d) Priced to call.

EXHIBIT A

FORM OF UNDERWRITER COUNSEL OPINION

[DRAFT]

August 22, 2012

Merrill Lynch, Pierce Fenner & Smith Incorporated, as Representative
c/o Merrill Lynch, Pierce Fenner & Smith Incorporated
as representative of the underwriters
1221 McKinney St., Suite 3850
Houston, TX 77010

Re: $155,085,000 Fort Bend Grand Parkway Toll Road Authority Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012

Ladies and Gentlemen:

We have served as counsel to you, as the Underwriters, in your purchase of the captioned bonds (the "Bonds" or the "Series 2012 Bonds") issued by the Fort Bend Grand Parkway Toll Road Authority (the "Authority"). In that connection, we have reviewed (1) the resolution adopted by the Board of Directors of the Authority on July 24, 2012 (the "Resolution"), (2) the Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds Trust Indenture dated as of July 1, 2012 (the "Master Trust Agreement") between the Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee"), as supplemented through a First Supplement to the Master Trust Agreement (the "Trust Supplement" and collectively with the Master Trust Agreement, the "Indenture") executed in connection with the issuance of the Series 2012 Bonds, (3) the Joint Project Agreement (the "Joint Project Agreement") between the Authority and Fort Bend County, Texas (the "County"), (4) the Preliminary Official Statement for the Bonds dated July 16, 2012 (the "Preliminary Official Statement"), (5) the Official Statement for the Bonds dated July [23], 2012 (the "Official Statement"), and (6) the Bond Purchase Agreement dated as of July 24, 2012 (the "Bond Purchase Agreement"). The Resolution, the Indenture, the Joint Project Agreement and the Bond Purchase Agreement are referred to herein, collectively, as the "Authority Documents."

Based upon the foregoing, and having due regard for such legal considerations as we deem relevant, we are of the opinion that the Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and it is not necessary in connection with the offer and sale of the Bonds to the public to register the Bonds under the Securities Act of 1933, as amended, or to qualify the Bonds, the Authority Documents or any other instrument or document associated with the issuance of the Bonds under the Trust Indenture Act of 1939, as amended.

Because the primary purpose of our professional engagement was not to establish factual matters and because of the wholly or partially non-legal character of many determinations

involved in the preparation of the Preliminary Official Statement and the Official Statement, we are not passing upon and do not assume any responsibility for the accuracy, completeness, or fairness of the statements contained in the Preliminary Official Statement and the Official Statement, and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. At your request, we have participated as your counsel in conferences with officers and other representatives of the Authority, the County, the Authority's General Counsel, Special Disclosure Counsel and Bond Counsel, the Financial Advisor to the Authority and representatives of the Underwriters, at which conferences the contents of the Preliminary Official Statement and the Official Statement and related matters were discussed. Based on our participation in the above-mentioned conferences and in reliance thereon and on the certificates, opinions and other documents herein mentioned, we advise you that no facts have come to our attention that lead us to believe that the Preliminary Official Statement or the Official Statement (except as to any statistical or financial data included therein, forecasts, numbers, charts, estimates, assumptions or expressions of opinion, the Appendices or any information about the book-entry system or DTC or regarding any bond insurer or bond insurance or surety policy, as to which we are not called upon to express any opinion or belief) contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Also, it is our opinion that based upon (i) our review of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") and interpretive guidance published by the Securities and Exchange Commission relating thereto; (ii) our review of the respective continuing disclosure undertakings of the Authority and the County contained in the Authority Documents; and (iii) the inclusion in the Preliminary Official Statement and the Official Statement of a description of the specifics of such undertakings, and in reliance on the opinion of Bond Counsel that the Authority Documents have been duly adopted and are in full force and effect, such undertakings provide a suitable basis for you, as authorized representatives of the Underwriters and any other broker, dealer, or municipal securities dealer acting as a Participating Underwriter (as defined in the Rule) in connection with the offering of the Bonds, to make a reasonable determination that the Authority and the County have met the qualifications of paragraph (b)(5)(i) of the Rule.

The opinions expressed above are specifically limited to the laws of the State of Texas and of the United States of America.

The opinions expressed herein are for the sole benefit of you, and may only be relied upon by you in connection with your purchase of the Bonds from the Authority. This opinion may be relied upon only by the addressees hereof and may not be used or relied upon by any other person for any purpose whatsoever without, in each instance, our prior written consent.

This opinion may be relied upon only by you.

EXHIBIT B

ISSUE PRICE CERTIFICATE

I, the undersigned officer of Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative (the "Representative") of the underwriters (the "Underwriters"), make this certification in connection with the Fort Bend Grand Parkway Toll Road Authority Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012 (the "Bonds"). Each capitalized term used herein has the meaning or is the amount, as the case may be, specified for such term in the Federal Tax Certificate to which this Exhibit A is attached (the "Federal Tax Certificate"). I hereby certify as follows in good faith as of the issue date, based on information available to me:

1. I am the duly chosen, qualified and acting officer of the Representative for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Representative and the Underwriters. I am the officer of the Representative charged, along with other officers of the Representative, with responsibility for the Bonds.

2. The Underwriters have made a bona fide public offering to the public of the Bonds at the reoffering prices to the public set out on the cover of the Official Statement. The reoffering prices set forth on the cover of the Official Statement were determined on the date the Bonds were purchased by the Underwriters based on the reasonable expectations regarding the initial public offering prices. At least 10 percent of the Bonds[, except for the Bonds maturing in _____,] were sold to the public at initial offering prices not greater than the respective prices shown in the Official Statement, or in the case of discount obligations sold on a yield basis, at yields no lower than the respective yields shown in the Official Statement. [For the Bonds maturing in _____, the Underwriters reasonably expected, as of the date such Bonds were purchased by the Underwriters, to sell a substantial amount of each maturity of such Bonds to the public at prices not greater than the respective prices shown in the Official Statement or, in the case of discount obligations sold on a yield basis, at yields no lower than the respective yields shown in the Official Statement.] The aggregate of such reoffering prices of all of the Bonds is $_____, which price includes pre-issuance accrued interest in the amount of $_____. The Representative had no reason to believe that the initial public offering price described above exceeded the fair market value for the Bonds on the sale date. The term "public," as used herein, does not include bondhouses, brokers, dealers, and similar persons or organizations acting in the capacity of underwriters or wholesalers.

The Authority may rely on the statements made herein in connection with making the representations set forth in the Federal Tax Certificate and in its efforts to comply with the conditions imposed by the Code on the exclusion of interest on the Bonds from the gross income of their owners. Allen Boone Humphries Robinson LLP also may rely on this certificate for purposes of its opinion regarding the treatment of interest on the Bonds as excludable from gross income for federal income tax purposes. The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned's interpretation of any laws; in particular, the regulations promulgated under the Internal Revenue Code of 1986, or the application of any laws to these facts. The certifications contained herein are not necessarily

based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. Although certain information furnished in this certificate has been derived from other purchasers, bond houses and brokers and cannot be independently verified by us, we have no reason to believe it to be untrue in any material respect.

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

By:_____

Title: _____

Date: _____

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction

PRELIMINARY OFFICIAL STATEMENT DATED JULY 16, 2012

Ratings:
Moody's: "___"
Fitch: "AA+"
See ("OTHER INFORMATION—RATINGS" herein)

NEW ISSUE - Book-Entry-Only

IN THE OPINION OF BOND COUNSEL, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER EXISTING LAW, AND THE BONDS ARE NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS AND CORPORATIONS, EXCEPT FOR CERTAIN ALTERNATIVE MINIMUM TAX CONSEQUENCES FOR CORPORATIONS. SEE "TAX MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

$179,825,000*
FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
(Fort Bend County, Texas)
LIMITED CONTRACT TAX AND SUBORDINATE LIEN TOLL ROAD REVENUE BONDS, SERIES 2012

Dated: August 1, 2012 **Due: March 1, as shown on inside cover**
Interest Accrual Date: Delivery Date

The Bonds. . . The $179,825,000* Fort Bend Grand Parkway Toll Road Authority Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012 (the "Bonds"), are being issued by the Fort Bend Grand Parkway Toll Road Authority (the "Authority") pursuant to the Constitution and general laws of the State of Texas, including Chapters 284 and 431, Texas Transportation Code, as amended, Chapter 1201, Texas Government Code, an order adopted by the Board of the Authority (the "Bond Order"), and a Master Trust Indenture (the "Master Indenture") between the Authority and Wells Fargo Bank, N.A. (the "Trustee") dated as of July 1, 2012, and a First Supplemental Trust Indenture (the "Supplemental Indenture") between the Authority and the Trustee dated as of July 1, 2012. The Master Indenture and the Supplemental Indenture are collectively referred to as the "Indenture."

Interest on the Bonds will accrue from the date of delivery, and will be payable on March 1 and September 1 of each year, commencing March 1, 2013. The Bonds will be issued in fully registered form in principal denominations of $5,000 or any integral multiple thereof. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of and interest on the Bonds will be payable by the Trustee to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS—BOOK-ENTRY ONLY SYSTEM" herein. The initial Trustee is Wells Fargo Bank, N.A. See "THE BONDS—TRUSTEE."

Source of Payment . . . The Bonds are direct obligations of the Authority, payable from an unconditional obligation of Fort Bend County, Texas (the "County") to make contract payments, pursuant to a Joint Project Agreement between the County and the Authority, from a continuing ad valorem tax levied on all taxable property within the County, within the limits prescribed by law, as provided in the Indenture, together with a subordinate lien pledge of Net Revenues of the Fort Bend Grand Parkway (as defined in the Indenture). See "SECURITY AND SOURCE OF PAYMENT."

Purpose . . . Proceeds from the sale of the Bonds will be used (i) to finance the design, construction, equipment and other miscellaneous costs of the Project (as defined herein), (ii) to pay 36 months of capitalized interest on the Bonds, and (iii) to pay the costs associated with the issuance of the Bonds. See "PLAN OF FINANCING."

Optional Redemption . . . The Bonds maturing on March 1, 20__ and thereafter subject to optional redemption by the Authority in whole, or from time to time in part, on March 1, 20__ or any date thereafter at par plus accrued interest to the date of redemption. See "THE BONDS—Optional Redemption."

MATURITY SCHEDULE SHOWN ON THE INSIDE COVER

Legality . . .The Bonds are offered when, as and if issued by the Authority and accepted by the underwriters listed below (the "Underwriters"), subject to the approval of legality by the Attorney General of the State of Texas and Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Certain legal matters will be passed on for the Underwriters by Andrews Kurth LLP, Houston, Texas, Counsel for the Underwriters. Certain legal matters will be passed upon for the Authority by Allen Boone Humphries Robinson LLP, Special Disclosure Counsel.

Delivery . . . It is expected that the Bonds will be available for delivery through DTC on August 22, 2012.

BOFA MERRILL LYNCH **CITIGROUP**

ESTRADA HINOJOSA & COMPANY, INC. **LOOP CAPITAL MARKETS** **RAYMOND JAMES | MORGAN KEEGAN**

* Preliminary, subject to change

MATURITY SCHEDULE

$179,825,000*
FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
(Fort Bend County, Texas)
LIMITED CONTRACT TAX AND SUBORDINATE LIEN TOLL ROAD REVENUE BONDS, SERIES 2012

Due March 1	Principal Amount*	Interest Rate	Initial Reoffering Yield[2]	CUSIP Number[3]
2022 [1]	$ 2,675,000	%	%	
2023 [1]	4,010,000			
2024 [1]	4,205,000			
2025 [1]	4,410,000			
2026 [1]	4,620,000			
2027 [1]	4,845,000			
2028 [1]	5,085,000			
2029 [1]	5,330,000			
2030 [1]	5,590,000			
2031 [1]	5,865,000			
2032 [1]	6,150,000			
2033 [1]	6,450,000			
2034 [1]	6,770,000			
2035 [1]	7,100,000			
2036 [1]	7,450,000			
2037 [1]	7,815,000			
2038 [1]	8,205,000			
2039 [1]	8,605,000			
2040 [1]	9,035,000			
2041 [1]	9,480,000			
2042 [1]	9,950,000			
2043 [1]	10,440,000			
2044 [1]	10,960,000			
2045 [1]	11,505,000			
2046 [1]	12,075,000			

$_____ _.___% Term Bonds due March 1, 20__[1] - Priced to Yield _.___%[2] - CUSIP _____[3]

(Interest accrues from Delivery Date)

---

* Preliminary; subject to change

(1) The Authority reserves the right, at its option, to redeem the Bonds having stated maturities on and after March 1, 20__ in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 20__, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption See "THE BONDS—OPTIONAL REDEMPTION "

(2) The initial reoffering prices or yields of the Bonds are furnished by the Underwriters (as defined herein) and represent the initial offering prices or yields to the public, which may be changed by the Underwriters at any time Accrued interest from the Delivery Date of the Bonds is to be added to the price

(3) CUSIP numbers have been assigned to the Bonds by the CUSIP Service Bureau and are included solely for the convenience of the purchasers of the Bonds Neither the Authority nor the Underwriters shall be responsible for the selection or accuracy of the CUSIP numbers set forth herein

For purposes of compliance with Rule 15c2-12 of the SEC, as amended and in effect on the date of this Preliminary Official Statement, this document constitutes a Preliminary Official Statement of the Authority with respect to the Bonds that has been deemed "final" by the Authority as of its date, except for the omission of no more than the information permitted by Rule 15c2-12.

This Official Statement is delivered in connection with the sale of securities referred to herein and may not be reproduced or used, in whole or in part, for any other purposes.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, salesperson or other person has been authorized by the Authority or the Underwriters to give any information or to make any representation other than those contained herein, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority, the Underwriters or any other person. The information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstance, create any implication that there has been no change in the affairs of the Authority or other matters described herein since the date hereof.

This Official Statement includes descriptions and summaries of certain events, matters and documents. Such descriptions and summaries do not purport to be complete, and all such descriptions, summaries and references thereto are qualified in their entirety by reference to this Official Statement in its entirety and to each such document, copies of which may be obtained from the Authority. Any statements made in this Official Statement or the appendices hereto involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such opinions or estimates will be realized.

The Underwriters have provided the following sentence for inclusion in this Official Statement:

> ***The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.***

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Neither the Authority, its Financial Advisor, nor the Underwriters make any representations or warranties with respect to the information contained in this Official Statement regarding DTC or its Book-Entry-Only System.

TABLE OF CONTENTS

MATURITY SCHEDULE i
REGISTRATION, SALE AND DISTRIBUTION iv
OFFICIAL STATEMENT SUMMARY iv
AUTHORITY OFFICIALS vi
Board of Directors vi
COUNTY OFFICIALS vi
Elected Officials vi
Other Elected and Appointed Officials vi
CONSULTANTS vi
MAP OF THE PROJECT vii
INTRODUCTION 1
PLAN OF FINANCING 1
Purpose of the Bonds 1
The Project 1
Sources and Uses of Bond Proceeds 2
THE BONDS 2
General 2
Optional Redemption 2
Mandatory Sinking Fund Redemption 3
Notice of Redemption 3
Book-Entry Only System 4
Trustee 6
Defeasance 6
Bondholders' Remedies 6
Special Rights of Bond Insurers and Credit Providers 6
THE AUTHORITY 6
THE COUNTY 7
THE GRAND PARKWAY SYSTEM 7
General 7
Operation and Maintenance of the System 8
Initial and Future Toll Rate Escalation Methodology 8
Toll Rate Schedule 8
SECURITY AND SOURCE OF PAYMENT 8
The Indenture and the Bonds 8
General 9
Contract with the County 9
Subordinated Pledge of Net Revenues 10
Toll Covenant 10
Maintenance Tax Covenant 10
Flow of Funds 10
Additional Bonds 11
Flow of Funds Chart 12
TOLL ROAD FINANCIAL INFORMATION 13
Pro-Forma Debt Service Requirements* 13
COUNTY TAX INFORMATION 14
Ad Valorem Tax Law 14
Effective Tax Rate and Rollback Tax Rate 15
Property Assessment and Tax Payment 15
Penalties and Interest 16
County Application of Tax Code 16
Tax Abatement Policy 16
Tax Increment Reinvestment Zone 17
Table 1 – Valuation, Exemptions and General Obligation Debt 17
Table 2 – Taxable Assessed Valuations by Category 18
Table 3 – Valuation and General Obligation Debt History 19
Table 4 – Tax Rate, Levy and Collection History 19
Table 5 – Tax Rate Distribution Analysis 19
Table 6 – Ten Largest Taxpayers 20
General Obligation Debt Tax Rate Limitation 20
Table 7 – Tax Adequacy 21
Table 8 – Estimated Consolidated Overlapping Debt 22
COUNTY DEBT INFORMATION 23
Table 9 – Pro-Forma General Obligation Debt Service Requirements 23
Table 10 – Interest and Sinking Fund Budget Projection 24
Table 11 – Authorized But Unissued Bonds 24
Anticipated Issuance of General Obligation Debt 24
Table 12 – Other Obligations 24
Pension Fund 24
Other Post-Employment Benefits 25
COUNTY FINANCIAL INFORMATION 27
Table 13 – Changes in Net Assets 27
Table 13A – General Fund Revenues and Expenditure History 28
Financial Policies 29
INVESTMENTS 30
Legal Investments 30
Investment Policies 31
Additional Provisions 31
Table 14 – Current Investments 31
General 32
Traffic and Revenue Report 32
The Grand Parkway System 32
Operating Risks 33
Payment of Debt Service and Project Expenses 33
Costs of Construction of Toll Facilities 33
Toll Rates 34
Alternative Routes 34
Motor Fuel Prices and Taxes 34
Market Disruptions, Reliance on Capital Markets and Market Turmoil 34
Limitation and Enforceability of Remedies 35
Future and Proposed Tax Legislation 35
Forward-Looking Statements 35
TAX MATTERS 36
Tax Accounting Treatment of Original Issue Discount Bonds 37
CONTINUING DISCLOSURE INFORMATION 38
The Authority 38
Annual Reports 38
Notice of Certain Events 38
Availability of Information 39
Limitations and Amendments 39
Compliance with Prior Undertakings 39
The County 39
OTHER INFORMATION 41
Ratings 41
Litigation 41
Registration and Qualification of Bonds for Sale 42
Legal Investments and Eligibility to Secure Public Funds in Texas 42
Legal Matters 42
Authenticity of Financial Data and Other Information 42
Financial Advisor 43
Underwriting 43
Forward-Looking Statements 43
MISCELLANEOUS 44
Certification of the Official Statement 44

APPENDIX A – TRAFFIC AND REVENUE STUDY
APPENDIX B – CASH FLOW PROJECTIONS
APPENDIX C – EXCERPTS FROM THE COUNTY'S COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2011
APPENDIX D – EXCERPTS FROM THE AUTHORITY'S FINANCIAL REPORT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2011
APPENDIX E – GLOSSARY OF TERMS
APPENDIX F – *SUMMARY OF THE INDENTURE*
APPENDIX G – OPINION OF BOND COUNSEL

REGISTRATION, SALE AND DISTRIBUTION

The Bonds have not been registered under the Federal Securities Act of 1933, as amended (in reliance upon an exemption therefrom), or the blue sky laws of any jurisdiction. The Indenture (as defined herein) has been qualified under the Federal Trust Indenture Act of 1939, as amended (in reliance upon an exemption therefrom).

OFFICIAL STATEMENT SUMMARY

This Official Statement Summary, being part of the Official Statement, is subject in all respects to the more complete information contained therein. The offering of the Bonds to potential investors is made only by means of the entire Official Statement. No person is authorized to detach this Summary Statement from the Official Statement or otherwise to use same without the entire Official Statement.

The Authority	The Fort Bend Grand Parkway Toll Road Authority (the "Authority"), a local government corporation established and operating pursuant to Chapters 284 and 431, Texas Transportation Code, as amended, was established by Fort Bend County, Texas (the "County") to aid, assist and act on behalf of the County in the development of the portion of the Grand Parkway System located within the County (the "Fort Bend Grand Parkway"). See "INTRODUCTION – DESCRIPTION OF THE AUTHORITY."
The County	Fort Bend County (the "County") is a political subdivision of the State of Texas, located in southeast Texas. The County covers approximately 886 square miles located in the greater Houston metropolitan area. The City of Richmond is the County Seat.
The Grand Parkway System	A planned system of controlled access toll lanes ranging from two to six lanes wide and over 180 miles long traversing seven counties and encircling the Greater Houston Region. The system is identified by reference to 11 segments (Segments A – I-2). Segments C and D are each primarily located within Fort Bend County.
The Fort Bend Grand Parkway	Consists of the portion of the Grand Parkway System located in the County.
The Project	Consists of the construction of the tolled overpasses on the Fort Bend Grand Parkway and the reconstruction of the existing roadway between U.S. Highway 59 to and including the intersection at Farm to Market Road 1093 (the "Westpark Tollway"). The remainder of Segment D of the Fort Bend Grand Parkway from the Westpark Tollway to Interstate 10 will not be tolled and is not being financed with proceeds of the Bonds. See "MAP OF THE PROJECT" and Figure 1-2 in the "TRAFFIC AND REVENUE STUDY" attached as APPENDIX A.
The Bonds	$179,825,000* Fort Bend Grand Parkway Toll Road Authority Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012 (the "Bonds"). The Bonds are dated August 1, 2012, and are being issued in the principal amounts and will mature on the dates set forth on the inside cover page hereof. The Bonds bear interest from the Delivery Date, at the rates per annum set forth on the inside cover page hereof, which interest is payable March 1, 2013, and each March 1 and September 1 thereafter until the earlier of maturity or redemption of the Bonds.
Optional Redemption	The Bonds maturing on March 1, 20__ and thereafter are subject to optional redemption in whole or, from time to time, in part, on March 1, 20__ or any date thereafter at par plus accrued interest to the date of redemption. See "THE BONDS—OPTIONAL REDEMPTION."
Payment Record	The Bonds are the first series of bonds issued by the Authority. The Authority will capitalize 36 months of interest from proceeds of the Bonds.
Ratings	The Bonds have been assigned ratings of "___" by Moody's Investors Service Inc. ("Moody's") and "AA+" by Fitch Ratings ("Fitch"). See "OTHER INFORMATION - RATINGS" herein.
Authority for Issuance	The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, including Chapters 284 and 431, Texas Transportation Code, Chapter 1201, Texas Government Code, the Bond Order and the Indenture.

* Preliminary, subject to change

Source of Payment for the Bonds	The Bonds are direct obligations of the Authority, payable from an unconditional obligation of the County to make contract payments pursuant to the Joint Project Agreement between the County and the Authority, from a continuing ad valorem tax levied on all taxable property within the County, within the limits prescribed by law, as provided in the Indenture, together with a subordinate lien pledge of Net Revenues of the Fort Bend Grand Parkway (as defined in the Indenture). See "SECURITY AND SOURCE OF PAYMENT." The Bonds and any additional limited contract tax and subordinate lien toll road revenue bonds issued pursuant to the Master Indenture are collectively referred to herein as the "Subordinate Lien Bonds."
Purpose of the Bonds	Proceeds from the sale of the Bonds will be used (i) to finance the design, construction, equipment and other miscellaneous costs of the Project (as defined herein), (ii) to pay 36 months of capitalized interest on the Bonds, and (iii) to pay the costs associated with the issuance of the Bonds. See "PLAN OF FINANCING."
Trustee	The initial Trustee is Wells Fargo Bank, N.A.
Tax Exemption	In the opinion of Bond Counsel, interest on the Bonds is excludable from gross income for federal income tax purposes under existing law and interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations, except for certain alternative tax consequences for corporations. See "TAX MATTERS" for a discussion of the opinion of Bond Counsel.
Book-Entry Only System	The Bonds are initially issuable only to Cede & Co., the nominee of DTC, pursuant to a book-entry only system. No physical delivery of Bonds will be made to beneficial owners. See "THE BONDS—BOOK-ENTRY-ONLY SYSTEM."

AUTHORITY OFFICIALS

BOARD OF DIRECTORS

Board of Directors	Position	Length of Service	Term Expires June 15
Jim Condrey	Chairman	1.5 Years	2014
Bobbie A. Tallas	Vice Chairman	1.5 Years	2014
Charles Rencher	Secretary	1.5 Years	2014
Cliff Terrell	Treasurer	1.5 Years	2014
Melody Hess	Assistant Secretary	1.5 Years	2014

COUNTY OFFICIALS

ELECTED OFFICIALS

Commissioners Court	Position	Length of Service	Term Expires December 31
Robert Hebert	County Judge	10 Years	2014
Richard Morrison	Commissioner - Precinct 1	4 Years	2012
Grady Prestage	Commissioner - Precinct 2	22 Years	2014
Andy Meyers	Commissioner - Precinct 3	16 Years	2012
James Patterson	Commissioner - Precinct 4	14 Years	2014

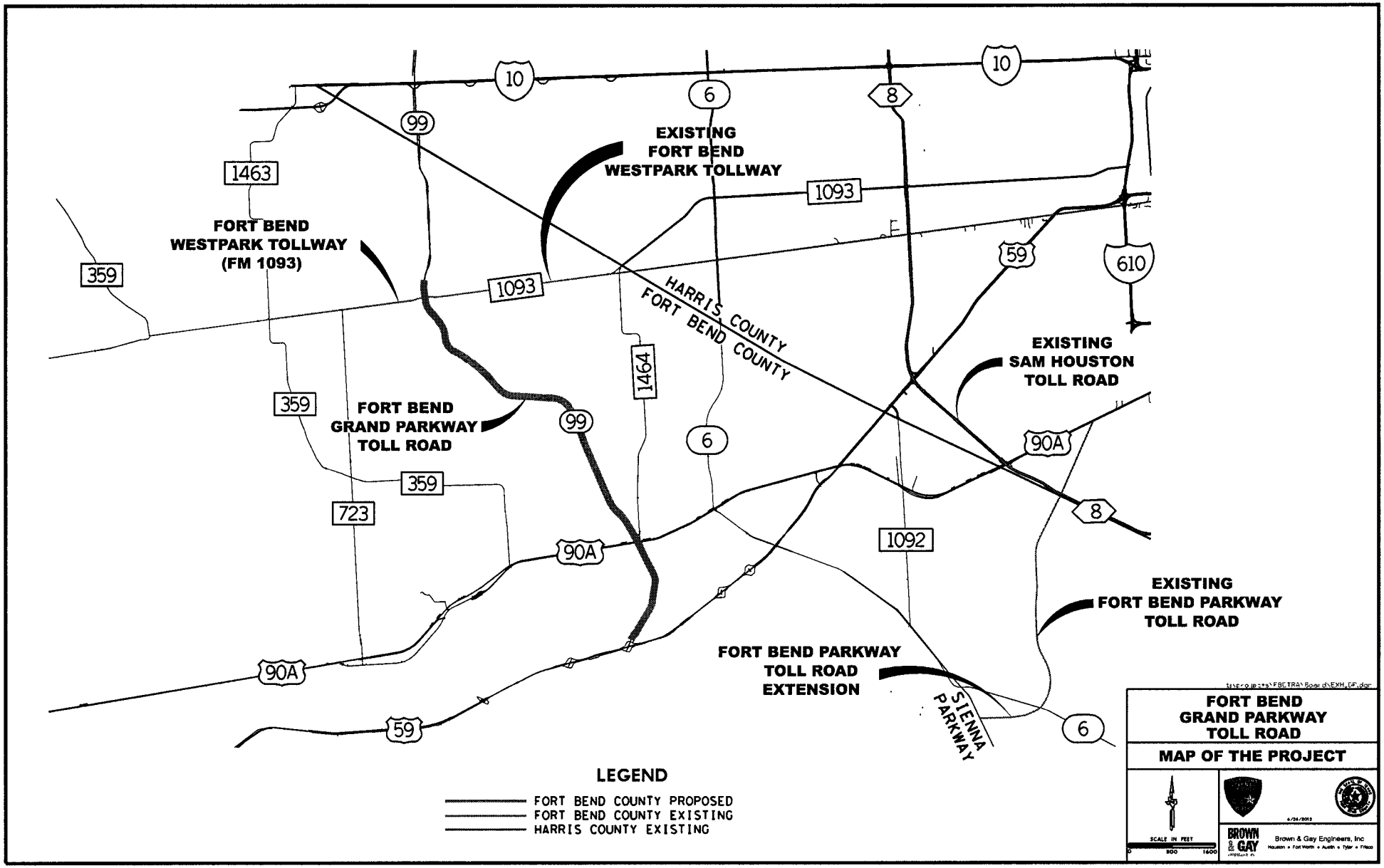
OTHER ELECTED AND APPOINTED OFFICIALS

Name	Position	Length of Service to County
Ed Sturdivant	County Auditor	10 Years
Jeff Council	County Treasurer	6 Years
Patsy Schultz	Tax Assessor/Collector	8 Years
Roy Cordes, Jr.	County Attorney	6 Years

CONSULTANTS

General Counsel, Bond Counsel and Special Disclosure Counsel	Allen Boone Humphries Robinson LLP
Financial Advisor	First Southwest Company
Transportation Consultant	WJ Interests, LLC
General Engineering Consultants	Brown & Gay Engineers, Inc.
Construction Manager	Mike Stone Associates, Inc.
Traffic and Revenue Consultant	CDM Smith Inc.

MAP OF THE PROJECT


10
6
8
10
99
1463
EXISTING
FORT BEND
WESTPARK TOLLWAY
1093
FORT BEND
WESTPARK TOLLWAY
(FM 1093)
359
1093
59
610
HARRIS COUNTY
FORT BEND COUNTY
1464
EXISTING
SAM HOUSTON
TOLL ROAD
359
FORT BEND
GRAND PARKWAY
TOLL ROAD
99
6
90A
359
723
8
90A
1092
EXISTING
FORT BEND PARKWAY
TOLL ROAD
FORT BEND PARKWAY
TOLL ROAD
EXTENSION
SIENNA
PARKWAY
90A
59
6
LEGEND
FORT BEND COUNTY PROPOSED
FORT BEND COUNTY EXISTING
HARRIS COUNTY EXISTING
FORT BEND
GRAND PARKWAY
TOLL ROAD
MAP OF THE PROJECT
SCALE IN FEET
0
800
1600
BROWN & GAY
Brown & Gay Engineers, Inc
Houston • Fort Worth • Austin • Tyler • Frisco

OFFICIAL STATEMENT

$179,825,000*
FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
(Fort Bend County, Texas)
LIMITED CONTRACT TAX AND SUBORDINATE LIEN
TOLL ROAD REVENUE BONDS, SERIES 2012

INTRODUCTION

This Official Statement is furnished in connection with the offering by Fort Bend Grand Parkway Toll Road Authority (the "Authority") of its $179,825,000* Fort Bend Grand Parkway Toll Road Authority Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012 (the "Bonds"). The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas, including Chapters 284 and 431, Texas Transportation Code, as amended, Chapter 1201, Texas Government Code, a Master Trust Indenture (the "Master Indenture") between the Authority and Wells Fargo Bank, N.A. (the "Trustee") dated July 1, 2012, and a First Supplemental Trust Indenture (the "Supplemental Indenture") between the Authority and the Trustee dated July 1, 2012. The Master Indenture and the Supplemental Indenture are collectively referred to as the "Indenture." All capitalized terms used herein, but not otherwise defined herein, shall have the meanings provided in the Indenture.

The audited general purpose financial statements of Fort Bend County, Texas (the "County") and the Authority for the fiscal year ended September 30, 2011, which are included in APPENDICES C and D, respectively, present information on the general financial condition of the County and the Authority as of the date and for the period shown. As used herein, the term "Fiscal Year," unless otherwise indicated, means the County's and the Authority's fiscal year, which currently is the twelve-month period beginning on October 1 of a calendar year and ending on the last day of September of the next succeeding calendar year, and each such period may be designated with the number of the calendar year in which such period ends.

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions or matters of opinion, or as to the likelihood that they will be realized.

PLAN OF FINANCING

PURPOSE OF THE BONDS

The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, including Chapters 284 and 431, Texas Transportation Code, as amended, Chapter 1201, Texas Government Code, the Bond Order, and the Indenture for the following purposes: (i) to finance the design, construction, equipment and other miscellaneous costs of the Project, (ii) to pay 36 months of capitalized interest, and (iii) to pay the costs associated with the issuance of the Bonds.

THE PROJECT

The Project consists of the construction of the tolled overpasses on the Fort Bend Grand Parkway and the reconstruction of the existing roadway from U.S. Highway 59 to and including the intersection at Farm to Market Road 1093 (the "Westpark Tollway"). The remainder of the Fort Bend Grand Parkway from the Westpark Tollway to Interstate 10 will not be tolled and is not being financed with proceeds of the Bonds. See "MAP OF THE PROJECT" and Figure 1-2 in the "TRAFFIC AND REVENUE STUDY" attached as APPENDIX A.

SOURCES AND USES OF BOND PROCEEDS

Proceeds from the sale of the Bonds are expected to be expended as follows:

Sources:		
Par Amount of the Bonds	$	
Accrued Interest		
Net Premium		
Total	$	-
Uses:		
Deposit to Construction Fund	$	
Capitalized Interest		
Costs of Issuance		
Underwriter's Discount		
Total	$	-

THE BONDS

GENERAL

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Indenture. Certain terms not defined elsewhere in this Official Statement are defined in the Indenture.

Interest on the Bonds will accrue from the Delivery Date, and will be payable on March 1 and September 1 of each year, commencing March 1, 2013. The Bonds will mature on the dates and in the amounts as provided on the inside cover page of this Official Statement. Principal of and interest on the Bonds will be payable by the Trustee to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "- BOOK-ENTRY-ONLY SYSTEM" herein for a complete discussion of DTC and Cede & Co.

In the event of a nonpayment of interest on the Bonds on a scheduled payment date and for 30 days thereafter, a new record date (the "Special Record Date") for such interest payment will be established by the Trustee, if and when funds for the payment of such interest have been received from or on behalf of the Authority. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each registered owner of a Bond appearing on the Register at the close of business on the last business day next preceding the date of mailing of such notice.

OPTIONAL REDEMPTION

The Authority reserves the right, at its option, to redeem the Bonds maturing on March 1, 20__ and thereafter in whole, or from time to time in part, on March 1, 20__ or any date thereafter at par plus accrued interest to the date of redemption. Upon redemption, the Bonds will be payable at a price equal to the principal amount of Bonds or the portions thereof so called for redemption, plus accrued interest to the date of redemption.

Bonds may be redeemed only in integral multiples of $5,000. If a Bond is subject to redemption and is in a denomination larger than $5,000, a portion of such Bond may be redeemed, but only in integral multiples of $5,000. If less than all of the Bonds are redeemed within a stated maturity at any time, the Authority shall select the particular Bonds or portions thereof to be redeemed.

MANDATORY SINKING FUND REDEMPTION

The Bonds maturing in the year ____ (the "Term Bonds") are subject to mandatory redemption prior to maturity on March 1 in each of the years and respective principal amounts set forth below, in each case at a redemption price equal to 100% of the principal amount plus accrued interest to the date of redemption:

$_____ Term Bonds
Due March 1, ____

Year	Amount

On or before January 15 of every year in which there are mandatory redemption requirements as defined above for Term Bonds, the Trustee shall (i) determine the principal amount of Term Bonds of the particular maturity that must be mandatorily redeemed on March 1 of such year, after taking into account deliveries for cancellation and optional redemptions of Term Bonds of such maturity as more fully provided below, (ii) select by lot or other customary random method the Term Bonds of such maturity (or portions thereof) to be mandatorily redeemed on January 10 of such year and (iii) give notice thereof in the manner described below. The mandatory redemption requirements stated above for the Term Bonds shall be reduced by the principal amount of any Term Bonds of such maturity purchased and delivered or tendered to the Trustee for cancellation by March 1 of such year. In addition, if in the exercise of its right of optional redemption contained in the Bond Order, the Authority shall redeem less than all of the Term Bonds of a particular maturity then outstanding, the mandatory redemption requirements in any year for the Term Bonds of such maturity shall, at the option of the Authority, be reduced by the principal amount of such Term Bonds optionally redeemed and which has not previously been the basis for a credit against the mandatory redemption requirements for the Term Bonds.

NOTICE OF REDEMPTION

In the event any of the Bonds are called for redemption, the Trustee shall give notice, in the name of the Authority, of the redemption of such Bonds, which notice shall (i) specify the Bonds to be redeemed, the redemption date, the redemption price, and the place or places where amounts due upon such redemption will be payable (which shall be the principal corporate trust office of the Trustee) and, if less than all of the Bonds are to be redeemed, the numbers of the Bonds, and the portions of the Bonds, to be so redeemed, (ii) state any condition to such redemption, and (iii) state that on the redemption date, and upon the satisfaction of any such condition, the Bonds to be redeemed shall cease to bear interest. CUSIP number identification shall accompany all redemption notices. Such notice shall be given by mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption to each Holder of Bonds to be redeemed at its address shown on the registration books kept by the Trustee; provided, however, that failure to give such notice to any Bondholder or any defect in such notice shall not affect the validity of the proceedings for the redemption of any of the other Bonds. The Trustee shall send a second notice of redemption by certified mail return receipt requested to any registered Holder who has not submitted Bonds called for redemption 30 days after the redemption date, provided, however, that the failure to give any second notice by mailing, or any defect in such notice, shall not affect the validity of any proceedings for the redemption of any of the Bonds and the Trustee shall not be liable for any failure by the Trustee to send any second notice.

Any Bonds and portions of Bonds which have been duly selected for redemption and which are paid in accordance with the Indenture shall cease to bear interest on the specified redemption date.

BOOK-ENTRY ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York, ("DTC") while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Authority and the Financial Advisor believe the source of such information to be reliable, but neither of the Authority or the Financial Advisor takes any responsibility for the accuracy or completeness thereof.

The Authority cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, interest payments and redemption proceeds on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent/Registrar, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, interest payments and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, printed certificates for the Bonds are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to Registered Owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to Registered Owners under the Bond Order will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Authority, the Financial Advisor, or the Underwriters.

Effect of Termination of Book-Entry-Only System. In the event that the Book-Entry-Only System of the Bonds is discontinued, printed Bonds will be issued to the DTC Participants or the holder, as the case may be, and such Bonds will be subject to transfer, exchange and registration provisions as set forth in the Bond Order and summarized under "THE BONDS - TRANSFER, EXCHANGE AND REGISTRATION" below.

TRUSTEE

The Trustee shall be Wells Fargo Bank, N.A. At all times while any Bonds are outstanding, the Authority will provide a legally qualified bank, trust company, financial institution or other duly qualified and legally authorized entity to act as Trustee for the Bonds. The Authority reserves the right to change the Trustee for the Bonds. Promptly upon the appointment of any successor Trustee, the previous Trustee shall deliver the Register or a copy thereof to the new Trustee, and the new Trustee shall notify each registered owner of Bonds by United States mail, first-class postage prepaid, of the effective date of such change and of the address of the new Trustee.

DEFEASANCE

The Authority reserves the right to defease the Bonds in any manner now or hereafter permitted by law.

BONDHOLDERS' REMEDIES

The Indenture establishes various specific events of default with respect to the Bonds and permits the Trustee to take certain actions upon the occurrence of any of these events of default. The Trustee may and, upon the written request of the Owners of not less than 25% in aggregate principal amount of the Bonds Outstanding, shall: (a) by mandamus or other suit, action or proceeding at law or in equity require the Authority to perform its covenants, representations and duties under the Indenture; (b) bring suit upon the Bonds; (c) by action or suit in equity require the Authority to account as if it were the trustee of an express trust for the Owners of the Bonds; (d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Bonds; or (e) take such other steps to protect and enforce its rights and the rights of the Owners of the Bonds, whether by action, suit or proceeding in aid of the execution of any power herein granted or for the enforcement of any other appropriate legal or equitable remedy.

SPECIAL RIGHTS OF BOND INSURERS AND CREDIT PROVIDERS

The Indenture provides that any Supplemental Indenture may provide that issuers of municipal bond insurance, letters of credit or other instruments which guaranty the payment of principal of and interest on any Subordinate Lien Bonds or Parity Obligations may exercise the rights of the Owners thereof, including to direct the exercise of any remedies in the event of default or to consent to any future amendments to the Indenture, except with respect to any change in the terms of redemption, maturity of principal amount of such Subordinate Lien Bonds or Parity Obligations or any installment of interest thereon or any reduction in the principal amount or redemption price thereof or the rate of interest thereon.

THE AUTHORITY

The Authority was created by order of the County on June 15, 2010, to aid, assist and act on behalf of the County in the development of the County's portion of the Grand Parkway System (the "Fort Bend Grand Parkway"). The Authority is a local government corporation established and operating under Chapters 284 and 431, Texas Transportation Code, as amended.

The Authority is governed by a five-member Board of Directors, each of whom is appointed by the County's Commissioners Court. The Authority may exercise, with regard to the Fort Bend Grand Parkway, the same power and authority as may be exercised by the Commissioners Court pursuant to Chapter 284, Texas Transportation Code. Such powers include eminent domain. The Authority's Articles of Incorporation and Bylaws provide that the Commissioners Court must approve all significant decisions of the Authority. The Authority currently has no staff or employees and does not anticipate hiring any employees in the foreseeable future. The Authority contracts with professional consultants for services needed.

The Authority is responsible for development of the Fort Bend Grand Parkway, including designing, bidding and letting of contracts for the construction of the Fort Bend Grand Parkway. Construction of the Project has commenced and is expected to be completed in 2014.

THE COUNTY

The County was organized in 1838 and operates as specified under the Constitution of the State of Texas and statutes which provide for a Commissioners Court consisting of the County Judge and four Commissioners, one from each of four geographical Commissioners Precincts. The County Judge is elected for a term of four years and the Commissioners for four-year staggered terms. Other County elected officers include the County Clerk, County Attorney, County Tax Assessor/Collector and County Treasurer. The County Auditor is appointed for a term of two years by, and serves at the will of, the State District Judges whose courts are located in the County. The 2010 Census population of the County is 585,375, an increase of 65% over the 2000 Census population of 354,452. The County covers approximately 886 square miles. The City of Richmond is the County Seat.

THE GRAND PARKWAY SYSTEM

GENERAL

The Grand Parkway System is a planned system of controlled access toll lanes ranging from two to six lanes wide and 180 plus miles long traversing seven counties and encircling the Greater Houston Region. The system is identified by reference to 11 segments (Segments A – I-2). Segments C and D are each primarily located within Fort Bend County.

The Texas Department of Transportation ("TxDOT"), in cooperation with the County, constructed a combination of main lanes and frontage roads for Segment D of the Grand Parkway from U.S. Highway 59 South to Interstate 10 West (also known as State Highway 99 ("SH99"), in the early 1990s. The current roadway includes 9 at-grade signalized intersections.

In 2007, during the 80th Texas Legislature, Senate Bill 792 was signed into law giving counties the first option to develop the Grand Parkway within their respective boundaries. Under the law, a county must begin construction of its segment of the project within a two-year period after exercising its option to develop such segment, subject to litigation challenges and environmental impact clearance, otherwise its right to develop the project reverts back to the TxDOT. In September 2009, Fort Bend County Commissioners Court exercised its option to manage the financing, designing, construction, operating and tolling the Grand Parkway within Fort Bend County.

In May of 2011, the Authority executed a Right of Use Agreement with TxDOT, allowing the Authority to use state highway right-of-way and to begin construction of the nine new tolled overpasses and eight miles of main-lane reconstruction that are the initial phases of Segment D of the Fort Bend Grand Parkway. The remainder of Segment D of the Fort Bend Grand Parkway from the Westpark Tollway to Interstate 10 will not be tolled and is not being financed with proceeds of the Bonds. See "MAP OF THE PROJECT" and Figure 1-2 in the "TRAFFIC AND REVENUE STUDY" attached as APPENDIX A. Construction of the first two overpasses began in August of 2011, with construction of additional overpasses and main lanes anticipated to begin in the 3rd Quarter of 2012. The Project is expected to be completed and open for traffic in 2014.

Segment D of the Grand Parkway will reduce travel time by providing tolled overpasses at the existing signalized intersections. Toll free access along SH99 using the existing at-grade intersections will remain open and available as an alternative to the toll lanes.

Pursuant to state law, the County, TxDOT, the Houston-Galveston Area Council (the metropolitan planning organization for the region) and the other six counties through which the Grand Parkway is planned, established the "SH99 Grand Parkway Toll Project Market Valuation Terms and Conditions" dated September 29, 2008 (the "Terms and Conditions"). TxDOT and the counties entered into a Market Valuation Waiver Agreement dated as of March 25, 2009 (the "Market Valuation Waiver Agreement"). The Terms and Conditions were included as an exhibit to the Market Valuation Waiver Agreement and define the scope and phasing of the 11 segments of the Grand Parkway, establish the initial toll rates on the Grand Parkway and establish a toll rate calculation methodology that includes a mechanism for periodic adjustment to toll rates (see "-INITIAL AND FUTURE TOLL RATE ESCALATION METHODOLOGY" below). The Market Valuation Waiver Agreement requires that the Grand Parkway be developed as a single project, separate from the counties' other toll roads or toll road projects. As a result, debt issued for the Grand Parkway and revenues derived from the Grand Parkway will be separate from debt and revenues of the Fort Bend Parkway and the Westpark Tollway. **Holders of the Bonds will have no right to revenues of the Fort Bend Parkway or the Westpark Tollway, and such revenues are not pledged to the Bonds and are not part of the Trust Estate.**

OPERATION AND MAINTENANCE OF THE SYSTEM

The Authority will toll, operate and maintain Segment D of the Fort Bend Grand Parkway from U.S. 59 to and including the interchange at the Westpark Tollway. The Authority is in the process of entering into contracts with outside vendors for all roadway and equipment maintenance, incident management and toll collection. In addition, the Authority is in the process of receiving proposals for a tolling system to be installed at the seven tolling locations.

The tolling system will be an all-electronic tag system that will be able to process transactions from customers by their EZ-TAG accounts with Harris County Toll Road Authority, or any other electronic toll tag issued by other tolling entities in the State. Violations will be processed utilizing an outside vendor in the same manner as violations on the existing Fort Bend County Toll Road System. These contracts will need to be finalized before the tolling operation commences.

The Authority conducted an analysis of all existing pavement along SH99 from US59 to FM1093 to determine its current condition and to allow planning and budgeting for the future repair or rehabilitation of the existing facilities.

INITIAL AND FUTURE TOLL RATE ESCALATION METHODOLOGY

Initial Toll Rates...The Terms and Conditions mandate that the initial toll rates on any segment of the Grand Parkway System will not exceed the average rate per mile for electronic toll transactions for the Harris County Toll Road System, as of the date of opening of that segment. The initial toll rate cannot be less than that rate as of September 1, 2008.

Toll Rate Escalation Methodology...The Terms and Conditions also mandate that toll rates be increased based on the then current Harris County tolling policy, but not less than the annual adjustment as follows: equal to the greater of (a) 2%, or (b) the Consumer Price Index All Urban Consumers (CPI-U) Houston-Galveston-Brazoria, as published by the Bureau of Labor Statistics for the month of August. On August 23, 2011, the Commissioners Court of the County established a toll rate setting policy (the "Toll Policy") for future toll rate adjustments on the Authority's toll facilities consistent with the Terms and Conditions. The policy provides that electronic tolling ("EZ-Tag") rates will be rounded to the nearest nickel.

TOLL RATE SCHEDULE

The following table sets forth the current toll rate schedule for the Project.

Mainlane Plazas		Toll
2 axle	Class 2	$ 0.35
3 axle	Class 3	0.50
4 axle	Class 4	0.80
5 axle	Class 5	1.05
6 axle	Class 6	1.30

Source The Authority.

SECURITY AND SOURCE OF PAYMENT

THE INDENTURE AND THE BONDS

The Bonds are issued pursuant to a Master Trust Indenture (the "Master Indenture") between the Authority and the Trustee dated July 1, 2012 and a First Supplemental Trust Indenture (the "Supplemental Indenture") between the Authority and the Trustee dated as of July 1, 2012. The Master Indenture and the Supplemental Indenture are collectively referred to herein as the "Indenture." The Indenture establishes, among other things, the Flow of Funds and the conditions for issuing Additional Bonds and contains the necessary and appropriate covenants related thereto. Selected provisions of the Master Indenture and the Supplemental Indenture are contained in APPENDIX F. For a complete copy of the Master Indenture or the Supplemental Indenture, contact Bond Counsel, Allen Boone Humphries Robinson LLP, Attn: Richard Muller, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

In the Indenture, the Authority reserves the right, without the consent of the Trustee or the Owners of the Subordinate Lien Bonds, to issue unlimited amounts of Senior Indebtedness which may be secured by a pledge or lien on Net Revenues and other assets of the Authority prior to the pledge and lien of the Trust Estate (as defined herein) securing the Subordinate Lien Bonds.

GENERAL

The Subordinate Lien Bonds are secured, pursuant to the Indenture, by a pledge of and lien on all of the Authority's right, title and interest in and to the following (collectively, the "Trust Estate"): (i) the County's unconditional contractual obligation to pay the Authority from annual ad valorem taxes levied by the County, the principal of and interest on the Subordinate Lien Bonds to the extent toll revenues and other available funds are insufficient to meet the debt service on the Subordinate Lien Bonds; (ii) the money deposited or required to be deposited pursuant to the Indenture in the Tax Fund, the Reserve Fund and the Subordinate Lien Debt Service Fund and all investments thereof, except for certain interest income which may be pledged to Senior Indebtedness; (iii) the Net Revenues of the Fort Bend Grand Parkway (as such term is defined in the Indenture), subject and subordinate to any lien or pledge granted to secure Senior Indebtedness; (iv) all right, title and interest of the Authority now owned or hereafter acquired in and to moneys deposited or required to be deposited with the Trustee and to the Investment Securities held by the Trustee pursuant to the Indenture; and (v) any and all other property hereafter assigned, hypothecated, endorsed, pledged, granted, or delivered to or deposited with the Trustee to secure the Subordinate Lien Bonds, subject and subordinate to any lien or pledge heretofore or hereafter granted to secure Senior Indebtedness. Selected provisions of the Master Indenture and Supplemental Indenture are included in APPENDIX F.

The Authority reasonably anticipates that the Fort Bend Grand Parkway will generate Net Revenues in an amount sufficient to pay the debt service on the Subordinate Lien Bonds. In addition, payment of principal and interest on the Subordinate Lien Bonds is secured by a contract (the "Joint Project Agreement") with the County pursuant to which the County has agreed to levy an annual ad valorem tax, within the limits prescribed by law, for the purpose of payment of the principal of and interest on the Bonds, to the extent toll revenues and other available funds are insufficient to meet debt service on the Subordinate Lien Bonds. Concurrently with the County's approval of the Joint Project Agreement with the Authority, the County levied a tax necessary for the payment of its contractual obligations. This ad valorem tax is constitutionally limited to $0.80 per $100 of assessed value in the County.

Based upon the Traffic and Revenue Study prepared by Wilbur Smith Associates (now CDM Smith Inc.), the Authority reasonably anticipates that the Fort Bend Grand Parkway will generate Net Revenues in an amount sufficient to pay the debt service on the Bonds. A copy of the Traffic and Revenue Study for the Fort Bend Grand Parkway is attached hereto as APPENDIX A. However, payment of principal and interest on the Bonds is secured by contract payments from the County, to the extent toll revenues and other available funds are insufficient to meet debt service on the Bonds. Furthermore, the Authority has provided cash flow projections, attached as APPENDIX B, which are included for illustration purposes only, which show projected toll revenues, estimated operating and debt service expenses, and coverage calculations given certain changes in the assumptions of the Traffic and Revenue Study.

The County's audited general purpose financial statements for the fiscal year ended September 30, 2011, which are included in APPENDIX C and the Authority's audited general purpose financial statements for the fiscal year ended September 30, 2011, which are included in APPENDIX D, present information about the general financial condition of the County and the Authority, respectively, as of the date and for the period shown. As used herein, the term "Fiscal Year," unless otherwise indicated, means the County's fiscal year which currently is the twelve-month period beginning on October 1 of a calendar year and ending on September 30 of the next succeeding calendar year, and each such period may be designated with the number of the calendar year in which such period ends.

CONTRACT WITH THE COUNTY

The County and the Authority entered into the Joint Project Agreement to provide for the construction of the Grand Parkway, Segment D. The Joint Project Agreement is dated as of July 24, 2012. The Joint Project Agreement is authorized pursuant to Texas Government Code, Section 791.028(d).

Pursuant to the Joint Project Agreement, the Authority will develop, finance, operate and maintain the Project. The County agrees to make payments to the Authority, calculated annually, and equal to the debt service on the Bonds less the estimated amount of available Net Revenues to pay debt service on the Bonds. The County's obligation to make these annual payments is unconditional and not subject to set-off, suspension, cancellation, or counterclaim.

The Joint Project Agreement provides that the Authority will reimburse any payments made by the County, with interest, if and only to the extent the Revenues of the Fort Bend Grand Parkway exceed the costs of debt service and operating and maintenance of the Fort Bend Grand Parkway for two consecutive fiscal years. The Authority may transfer the Project to the County when such transfer is permitted under the agreement with TxDOT and the County. With any such transfer, the County would be required to assume the obligations of the Bonds.

The Authority has covenanted in the Indenture not to amend the Joint Project Agreement in any way that would materially impair its ability to pay the Bonds and has covenanted to keep the agreement in full force and effect so long as the Bonds remain outstanding.

SUBORDINATED PLEDGE OF NET REVENUES

The Bonds are further secured by and payable from Net Revenues of the Fort Bend Grand Parkway, subject and subordinate to any senior pledge or lien granted to secure Senior Indebtedness. The term "Net Revenues" as defined in the Indenture means all revenues derived from the ownership and operation of the Fort Bend Grand Parkway which constitute revenues in accordance with generally accepted accounting principles (including any amounts derived from the ownership or operation of any project or projects with which the Project may be pooled) ("Revenues") less the sum of (i) "Operation and Maintenance Expenses," which are defined in the Indenture to include the costs of maintenance, repair, tolling costs, operation and administration of the Fort Bend Grand Parkway and (ii) the aggregate of principal and interest payments made, or to be made, on Senior Indebtedness during the period for which Net Revenues are computed or such other amount as may be defined as "Net Revenues" in any Supplemental Indenture.

TOLL COVENANT

In the Indenture, the Authority has covenanted to adopt and keep in effect for so long as the Bonds and any Additional Bonds are outstanding a plan for toll collecting facilities and a schedule of rates of tolls which will generate during each fiscal year an amount of Net Revenues which, together with all amounts in the Subordinate Lien Debt Service Fund as of the last day of the preceding fiscal year, will at least equal 100% of the amounts required to pay the principal of and interest on the Subordinate Lien Bonds (including the Bonds) in such fiscal year, subject to the toll rate setting escalation methodology established by the Term and Conditions. See "THE GRAND PARKWAY SYSTEM – GENERAL."

MAINTENANCE TAX COVENANT

So long as any Bonds or additional bonds are outstanding, the County shall in each year levy, assess, and collect an annual tax on all taxable property within the County fully sufficient in each year (taking into account delinquencies and costs of collection) to produce revenues which shall be sufficient to (i) pay as they become due all Project Expenses for which there are insufficient available Revenues or (ii) produce revenues for the Project equal to the amounts budgeted for such purpose in such year by the County, whichever is greater. **Any such revenues are not part of the Trust Estate and may not be applied to the payment of Debt Service on the Bonds or any Additional Bonds.**

FLOW OF FUNDS

The Indenture provides for the maintenance of the following funds:

Name of Fund	Held by
Construction Fund	Authority
Revenue Fund	Authority
Tax Fund	Authority
Subordinate Lien Debt Service Fund	Trustee
Renewal & Replacement Fund	Authority
County Reimbursement Fund	Authority
Grand Parkway System Improvement Fund	Authority

The Authority is required to deposit all Revenues into the Revenue Fund and apply them as follows: (i) first, to make all payments, deposits, and transfers required by the Indenture and any other instrument creating or evidencing Senior Indebtedness payable as a first charge on Revenues; (ii) second, to pay Operating and Maintenance Expenses; (iii) third, to establish and maintain an Operating and Maintenance Reserve within the Revenue Fund equal to three months' Operating and Maintenance Expenses; (iv) fourth, to pay any Senior Indebtedness not a first charge on the Revenues; (v) fifth, to make transfers to the Subordinate Lien Debt Service Fund as required by the Indenture; (vi) sixth, to establish and fund any amounts required to be deposited or paid by any indenture, resolution or order evidencing Junior Lien Bonds; (vii) seventh, to establish and fund any renewal and replacement requirement established by a Supplemental Indenture or indenture evidencing Senior Indebtedness; (viii) eighth, subject to certain limitations in the Indenture, to transfer to the County Reimbursement Fund amounts from time to time sufficient to reimburse the county in an aggregate amount equal to all funds previously paid by the County pursuant to the Joint Project Agreement; and (ix) ninth, the balance, if any, shall be transferred to the Grand Parkway System Improvement Fund.

Subordinate Lien Debt Service Fund. On or before the last day of each month, after making all payments in connection with Senior Indebtedness, payment of Operating and Maintenance Expenses and any payments to establish the Operating and Maintenance Reserve, remaining money in the Revenue Fund shall be transferred into the Subordinate Lien Debt Service Fund in approximately equal monthly installments sufficient to accumulate the amounts required to pay all current interest and to pay principal installments on Toll Road Tax Bonds, including the Bonds, issued under the Indenture, as the same become due and payable.

To the extent that money is not available in the Revenue Fund to make such required transfers into the Subordinate Lien Debt Service Fund, withdrawals shall be made from the Tax Fund, the Grand Parkway System Improvement Fund, the County Reimbursement Fund or the Construction Fund, at the Authority's discretion, to the extent necessary to provide for such transfer to the Subordinate Lien Debt Service Fund, in the event such transfers are insufficient.

Tax Fund. In determining the rate at which taxes should be levied each year, the Commissioners Court may consider amounts on deposit in the Subordinate Lien Debt Service Fund and the availability of Net Revenues or other moneys available from other sources which are available to pay the principal or Redemption Price of or interest on the Toll Road Tax Bonds, including the Bonds. If the Commissioners Court reasonably determines that adequate moneys from such Net Revenues or other sources are available or will be available to pay principal of, Redemption Price of and interest on the Toll Road Tax Bonds, including the Bonds, the Commissioners Court may elect not to assess and collect a tax that year.

If the County has made contract payments under the Joint Project Agreement to pay the principal on, Redemption Price of or interest on the Toll Road Tax Bonds, the Authority is required to transfer from amounts on deposit in the Tax Fund to the Subordinate Lien Debt Service Fund such amount as shall be required to enable all payments of interest, principal and any redemption price on the Toll Road Tax Bonds to be made from the Subordinate Lien Debt Service Fund when due and payable. Money in the Tax Fund shall be used solely to pay the principal or redemption price of and interest on the Toll Road Tax Bonds.

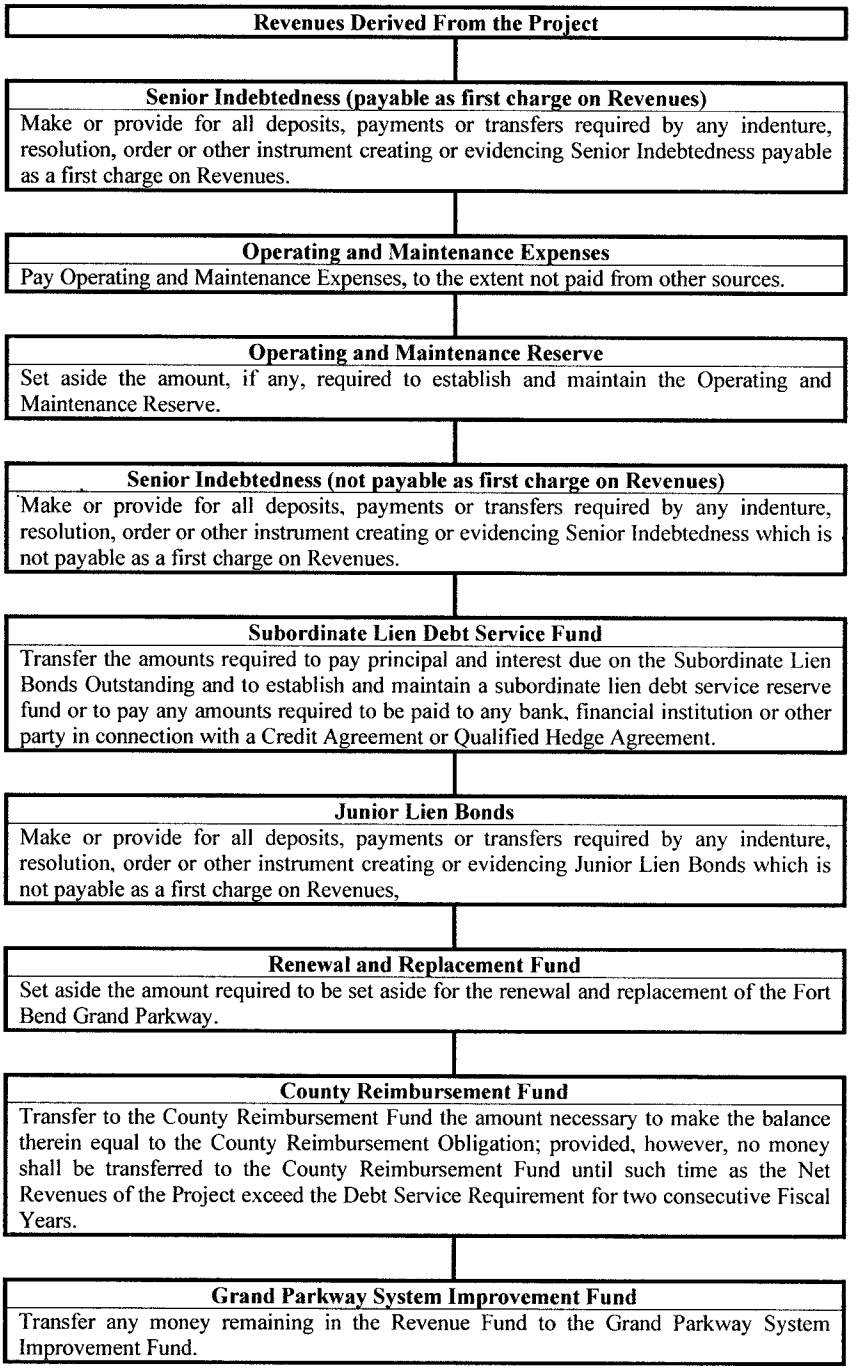
County Reimbursement Fund. On the last business day of the Fiscal Year, there shall be transferred to the County all amounts deposited in the County Reimbursement Fund.

Grand Parkway System Improvement Fund. Moneys held in the Grand Parkway System Improvement Fund may be used: (i) for the purpose of paying the cost of repairs, enlargements, resurfacing, additions, renewals, improvements, reconstruction and replacements, capital expenditures, engineering and other expenses relating to the powers or functions of the Authority in connection with the Fort Bend Grand Parkway (as defined in the Indenture), (ii) to pay debt service on the Toll Road Tax Bonds or Senior Indebtedness, and (iii) for capital costs of any projects now or hereafter included in the Fort Bend Grand Parkway and thereafter for capital costs of any other segments of the Grand Parkway System as required by the Market Valuation Waiver Agreement. Funds on deposit in the Grand Parkway System Improvement Fund may not be used for any other purpose.

ADDITIONAL BONDS

The Indenture places no limitation upon the issuance of Senior Indebtedness, nor does it place any limitation upon the issuance of additional Toll Road Tax Bonds under the Indenture. All Subordinate Lien Bonds from time to time issued under the Indenture shall be entitled to an equal and ratable interest in the Trust Estate, including all funds in the accounts established pursuant to the Indenture.

FLOW OF FUNDS CHART



TOLL ROAD FINANCIAL INFORMATION

PRO-FORMA DEBT SERVICE REQUIREMENTS*

Fiscal Year September 30	Principal	Interest[(1)]	Total Debt Service
2013	$ 0	$ 9,216,031	$ 9,216,031
2014	0	8,991,250	8,991,250
2015	0	8,991,250	8,991,250
2016	0	8,991,250	8,991,250
2017	0	8,991,250	8,991,250
2018	0	8,991,250	8,991,250
2019	0	8,991,250	8,991,250
2020	0	8,991,250	8,991,250
2021	1,200,000	8,961,250	10,161,250
2022	2,675,000	8,864,375	11,539,375
2023	4,010,000	8,697,250	12,707,250
2024	4,205,000	8,491,875	12,696,875
2025	4,410,000	8,276,500	12,686,500
2026	4,620,000	8,050,750	12,670,750
2027	4,845,000	7,814,125	12,659,125
2028	5,085,000	7,565,875	12,650,875
2029	5,330,000	7,305,500	12,635,500
2030	5,590,000	7,032,500	12,622,500
2031	5,865,000	6,746,125	12,611,125
2032	6,150,000	6,445,750	12,595,750
2033	6,450,000	6,130,750	12,580,750
2034	6,770,000	5,800,250	12,570,250
2035	7,100,000	5,453,500	12,553,500
2036	7,450,000	5,089,750	12,539,750
2037	7,815,000	4,708,125	12,523,125
2038	8,205,000	4,307,625	12,512,625
2039	8,605,000	3,887,375	12,492,375
2040	9,035,000	3,446,375	12,481,375
2041	9,480,000	2,983,500	12,463,500
2042	9,950,000	2,497,750	12,447,750
2043	10,440,000	1,988,000	12,428,000
2044	10,960,000	1,453,000	12,413,000
2045	11,505,000	891,375	12,396,375
2046	12,075,000	301,875	12,376,875
Total	$ 179,825,000	$ 215,345,906	$ 395,170,906

* Preliminary, subject to change

(1) Interest is estimated for illustrative purposes only

COUNTY TAX INFORMATION

AD VALOREM TAX LAW

The appraisal of property within the County is the responsibility of the Fort Bend Central Appraisal District (the "Appraisal District"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under the Property Tax Code to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal and market data comparison method of appraisal, and the method considered most appropriate by the chief appraiser is to be used. State law further limits the appraised value of a residence homestead for a tax year to an amount not to exceed the less of (1) the market value of the property, or (2) the sum of (a) 10% of the appraised value of the property for the last year in which the property was appraised for taxation times the number of years since the property was last appraised, plus (b) the appraised value of the property for the last year in which the property was appraised plus (c) the market value of all new improvements to the property. The value placed upon property within the Appraisal District is subject to review by an Appraisal Review Board, consisting of three members appointed by the Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the Appraisal District at least every three years. The County may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the County by petition filed with the Appraisal Review Board.

Reference is made to the Texas Property Tax Code, for identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Article VIII of the Texas Constitution ("Article VIII") and State law provide for certain exemptions from property taxes, the valuation of agricultural and open-space lands at productivity value, and the exemption of certain personal property from ad valorem taxation.

Under Section 1-b, Article VIII, and State law, the governing body of a political subdivision, at its option, may grant: (1) An exemption of not less than $3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision; (2) An exemption of up to 20% of the market value of residence homesteads. The minimum exemption under this provision is $5,000.

In the case of residence homestead exemptions granted under Section 1-b, Article VIII, ad valorem taxes may continue to be levied against the value of homesteads exempted where ad valorem taxes have previously been pledged for the payment of debt if cessation of the levy would impair the obligation of the contract by which the debt was created.

State law and Section 2, Article VIII, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces; the exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from $5,000 to a maximum of $12,000.

Effective January 1, 2004, under Article VIII and State law, the governing body of a county, municipality or junior college district, may freeze the total amount of ad valorem taxes levied on the residence homestead of a disabled person or persons 65 years of age or older to the amount of taxes imposed in the year such residence qualified for such exemption. Also, upon receipt of a petition signed by five percent of the registered voters of the county, municipality or junior college district, an election must be held to determine by majority vote whether to establish such a limitation on taxes paid on residence homesteads of persons 65 years of age or who are disabled. Upon providing for such exemption, such freeze on ad valorem taxes is transferable to a different residence homestead and to a surviving spouse living in such homestead who is disabled or is at least 55 years of age. If improvements (other than maintenance or repairs) are made to the property, the value of the improvements is taxed at the then current tax rate, and the total amount of taxes imposed is increased to reflect the new improvements with the new amount of taxes then serving as the ceiling on taxes for the following years. Once established, the tax rate limitation may not be repeated or rescinded.

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Section 1-d and 1-d-1.

Nonbusiness personal property, such as automobiles or light trucks, are exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. Boats owned as nonbusiness property are exempt from ad valorem taxation.

Article VIII, Section 1-j, provides for "freeport property" to be exempted from ad valorem taxation. Freeport property is defined as goods detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. Decisions to continue to tax may be reversed in the future; decisions to exempt freeport property are not subject to reversal.

See "– TABLE 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT" for exemptions.

The County may enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The County in turn agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. See "– TAX ABATEMENT POLICY."

EFFECTIVE TAX RATE AND ROLLBACK TAX RATE

By each September 1 or as soon thereafter as practicable, the Commissioners Court adopts a tax rate per $100 taxable value for the current year. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, and (2) a rate for debt service.

Under the Property Tax Code, the County must annually calculate and publicize its "effective tax rate" and "rollback tax rate". The Commissioners Court may not adopt a tax rate that exceeds the prior year's levy until it has held a public hearing on the proposed increase following notice to the taxpayers and otherwise complied with the Property Tax Code. If the adopted tax rate exceeds the rollback tax rate the qualified voters of the County by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

"Effective tax rate" means the rate that will produce last year's total tax levy (adjusted) from this year's total taxable values (adjusted). "Adjusted" means lost values are not included in the calculation of last year's taxes and new values are not included in this year's taxable values.

"Rollback tax rate" means the rate that will produce last year's maintenance and operation tax levy (adjusted) from this year's values (adjusted) multiplied by 1.08 plus a rate that will produce this year's debt service from this year's values (unadjusted) divided by the anticipated tax collection rate.

The Property Tax Code provides that certain cities and counties in the State may submit a proposition to the voters to authorize an additional one-half cent sales tax on retail sales of taxable items. If the additional tax is levied, the effective tax rate and the rollback tax rate calculations are required to be offset by the revenue that will be generated by the sales tax in the current year.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

PROPERTY ASSESSMENT AND TAX PAYMENT

Property within the County is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of a valuation process which uses an average of the daily price of oil and gas for the prior year. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1.

PENALTIES AND INTEREST

Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6 %	1 %	7 %
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, a 15% attorney's collection fee is added to the total tax penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the County's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

COUNTY APPLICATION OF TAX CODE

The County grants an exemption to the market value of the residence homestead of persons over 65 years of age or disabled of $100,000.

The County has granted an additional exemption of 20% of the market value of residence homesteads.

See Table 1 for a listing of the amounts of the exemptions described above.

The County has not adopted the tax freeze for citizens who are disabled or are 65 years of age or older, which became a local option and subject to local referendum on January 1, 2004.

Ad valorem taxes are not levied by the County against the exempt value of residence homesteads for the payment of debt.

The County does not tax nonbusiness personal property; and the County collects its own taxes.

The County does not permit split payments, and discounts are not allowed.

The County does tax freeport property.

The County does not collect the additional one-half cent sales tax for reduction of ad valorem taxes.

TAX ABATEMENT POLICY

The County has established a tax abatement program to encourage economic development. In order to be considered for tax abatement, a project must meet several criteria pertaining to job creation and property value enhancement. The value of property subject to abatement is shown in Table 1.

TAX INCREMENT REINVESTMENT ZONE

A municipality in the County may establish a tax increment reinvestment zone ("TIRZ") within a defined area of such municipality. In 2005, the Texas Legislature authorized Texas counties to create a TIRZ within a defined area of the county. The cost of certain public improvements in a TIRZ may be financed or repaid by contribution of future tax revenues from incremental increases in property values in the TIRZ. The County may contribute all or a portion of its tax revenue on such increase in value to a special tax increment fund created by the municipality. The County has agreed to participate in TIRZs in the past and may continue to do so in the future. Increment revenue derived from the participation of the County in a TIRZ will not be available for payment on the Bonds.

TABLE 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2011/2012 Certified Appraised Value by Fort Bend Central Appraisal District (excluding totally exempt property)			$ 50,758,690,938
Less Exemptions/Reductions at 100% Market Value:			
Residential Homestead Exemptions	$ 5,489,886,004		
Over 65 Exemptions	1,886,672,409		
Disabled & Deceased Veteran's Exemptions	308,485,286		
Lease Vehicle Exemption	140,572,896		
Abatements	294,407,390		
Productivity Loss	2,327,154,350		
Pollution	378,077,680		
House Bill 366	235,735		
Historical	12,764,075		
Community Housing Development	16,080,470		
Prorated Exempt Property	9,865,854		
10% Homestead Cap Adjustment	92,112,500		10,956,314,649
2011/2012 Taxable Assessed Valuation			$ 39,802,376,289
County Funded Debt Payable from Ad Valorem Taxes (as of July 1, 2012)			
Limited Tax Bonds	$ 190,330,000		
Unlimited Tax Road Bonds	164,190,000		
Unlimited Tax Toll Road Bonds	122,705,000	(1)	
Fort Bend Flood Control Water Supply Corp. Revenue Bonds	8,665,000		
County Funded Debt Payable from Ad Valorem Taxes			$ 485,890,000
Ratio Tax Supported Gross Debt to Taxable Assessed Valuation			1.22%

2012 Population Estimate - 606,786 (2)
Per Capita Taxable Assessed Valuation - $65,595
Per Capita Tax Debt - $801

(1) These bonds are deemed to be self-supporting from revenues of the Fort Bend Parkway and the Westpark Tollway Includes the County's $116,940,000 Unlimited Tax and Subordinate Lien Toll Road Refunding Bonds, Series 2012 which were delivered on July 12, 2012, and excludes the bonds refunded by such refunding bonds Does not include the Bonds

(2) Source Fort Bend County

TABLE 2 – TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Tax Year					
	2011		2010		2009	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 33,271,249,534	65 55%	$ 32,405,502,925	64 81%	$ 31,469,106,324	62 57%
Real, Residential, Multi-Family	986,735,050	1 94%	974,134,090	1 95%	933,131,501	1.86%
Real, Vacant Lots/Tracts	1,032,622,618	2 03%	1,017,512,443	2 04%	1,117,900,848	2 22%
Real, Acreage (Land Only)	2,580,025,665	5 08%	2,640,019,515	5 28%	2,747,928,916	5 46%
Real, Farm and Ranch Improvements	341,573,665	0 67%	336,375,780	0 67%	337,629,492	0 67%
Real, Commercial and Industrial	7,067,549,562	13 92%	7,186,318,692	14 37%	7,657,173,417	15 22%
Real, Oil, Gas & Other Mineral Reserves	273,708,150	0 54%	334,652,480	0 67%	288,508,240	0.57%
Real and Tangible Personal, Utilities	661,873,150	1 30%	680,505,438	1 36%	708,852,540	1 41%
Tangible Personal, Commercial and Industrial	3,644,423,318	7 18%	3,519,402,303	7 04%	3,901,899,997	7 76%
Tangible Personal, Other	56,173,610	0.11%	56,757,845	0 11%	65,568,290	0 13%
Real, Inventory	758,201,911	1 49%	789,447,630	1 58%	998,032,310	1 98%
Special Inventory	74,156,420	0 15%	46,825,140	0 09%	61,579,430	0 12%
Intangible Property and/or Uncertified Property	10,398,285	0 02%	10,051,655	0 02%	9,736,015	0 02%
Total Appraised Value Before Exemptions	$ 50,758,690,938	100 00%	$ 49,997,505,936	100 00%	$ 50,297,047,320	100 00%
Less Total Exemptions/Reductions	10,956,314,649		10,994,891,710		10,958,724,489	
Taxable Assessed Value	$ 39,802,376,289		$ 39,002,614,226		$ 39,338,322,831	

	Tax Year			
	2008		2007	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 29,600,226,897	62 03%	$ 26,074,875,092	62 60%
Real, Residential, Multi-Family	856,320,675	1 79%	740,362,100	1 78%
Real, Vacant Lots/Tracts	1,025,949,648	2 15%	896,515,866	2 15%
Real, Acreage (Land Only)	2,327,690,553	4 88%	1,752,086,402	4 21%
Real, Farm and Ranch Improvements	332,671,171	0 70%	298,632,638	0 72%
Real, Commercial and Industrial	7,381,581,427	15 47%	6,017,907,895	14 45%
Real, Oil, Gas & Other Mineral Reserves	460,348,230	0 96%	484,742,740	1 16%
Real and Tangible Personal, Utilities	714,323,255	1 50%	683,824,846	1 64%
Tangible Personal, Commercial and Industrial	3,721,004,950	7 80%	3,447,644,919	8 28%
Tangible Personal, Other	67,335,172	0 14%	72,602,165	0.17%
Real, Inventory	1,154,054,680	2 42%	1,104,613,967	2 65%
Special Inventory	73,003,110	0 15%	70,754,990	0 17%
Intangible Property and/or Uncertified Property	7,596,006	0 02%	6,722,296	0 02%
Total Appraised Value Before Exemptions	$ 47,722,105,774	100 00%	$ 41,651,285,916	100 00%
Less Total Exemptions/Reductions	10,086,091,068		8,535,703,347	
Taxable Assessed Value	$ 37,636,014,706		$ 33,115,582,569	

NOTE Valuations shown are certified taxable assessed values reported by the Fort Bend Central Appraisal District to the State Comptroller of Public Accounts Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records

TABLE 3 – VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended Sept 30	Estimated Population[1]	Taxable Assessed Valuation[2]	Taxable Assessed Valuation Per Capita	Tax Supported Debt Outstanding at End of Year	Ratio of Tax Supported Debt to Taxable Assessed Valuation	Tax Supported Debt Per Capita	Tax Year
2007	501,974	$ 28,933,750,694	$ 57,640	$ 375,765,000	1.30%	$ 749	2006
2008	501,974	33,115,582,569	65,971	367,690,000	1.11%	732	2007
2009	528,392	37,636,014,706	71,227	479,050,000	1.27%	907	2008
2010	547,876	39,338,322,831	71,802	467,300,000	1 19%	853	2009
2011	585,375	39,002,614,226	66,628	452,755,000	1.16%	773	2010
2012	606,786	39,802,376,289	65,595	492,670,000 [3]	1.24% [3]	812 [3]	2011

(1) Source Fort Bend Economic Development Council
(2) As reported by the Fort Bend Central Appraisal District, subject to change during the ensuing year
(3) Does not include the Bonds

TABLE 4 – TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended	Tax Rate	Tax Levy	% Current Collections[1]	% Total Collections[2]
2007	$ 0.51674	$ 148,924,916	98.14%	99.86%
2008	0.51674	171,897,689	98.32%	99.72%
2009	0.49976	188,607,365	98.62%	99.72%
2010	0.49976	196,771,337	99.00%	99.64%
2011	0.49976	194,935,715	99.14%	99.47%
2012	0.49976	198,468,874	97.12% [3]	97.12% [3]

(1) Collected within the fiscal year of the levy
(2) As of September 30, 2011 for each respective year's levy.
(3) Represents collections as of April 30, 2012

TABLE 5 – TAX RATE DISTRIBUTION ANALYSIS

	Tax Year				
	2011	2010	2009	2008	2007
General Fund	$ 0.38184	$ 0.38100	$ 0.38620	$ 0.39595	$ 0.41454
Road & Bridge Fund	0.03032	0.02770	0.03100	0.03920	0.02420
Debt Service Fund[1]	0.06880	0.07146	0.06180	0.04861	0.06000
Drainage District	0.01880	0.01960	0.02076	0.01600	0.01800
Farm-to-Market & Lateral Road Fund	0.00000	0.00000	0.00000	0.00000	0.00000
County Total Tax Rate	$ 0.49976	$ 0.49976	$ 0.49976	$ 0.49976	$ 0.51674

(1) The debt service fund tax includes a levy for unlimited tax bonds which are outside the constitutional tax limit.

TABLE 6 – TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2011/2012 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
NRG Texas Power LLC	Electric Utility	$1,421,179,330	3.57%
Centerpoint Energy Electric	Electric Utility	237,460,690	0.60%
Katy Mills Mall LTD Partnership[1]	Shopping Mall	100,168,290	0.25%
First Colony Mall Venture	Shopping Mall	94,024,230	0.24%
Inova Geophysical Equipment	Geophysical Technology	84,725,890	0.21%
Tramontina USA Inc.	Manufacturing	83,604,240	0.21%
Cardinal Health 411 Inc.	Healthcare	78,578,240	0.20%
Lakepointe Assets LLC	Commercial	74,000,000	0.19%
Fountains Dunhill LLC	Commercial	70,886,673	0.18%
Medistar Sugar Land Medical Center, Ltd.	Healthcare	70,524,870	0.18%
		$2,315,152,453	5.82%

(1) The County has agreed to participate in the City of Katy TIRZ that includes Katy Mills Mall Under its TIRZ Participation Agreement with the City of Katy, the County has agreed to contribute fifty percent of the tax increment produced in the City of Katy TIRZ to the City of Katy tax increment fund

GENERAL OBLIGATION DEBT TAX RATE LIMITATION

Limited Tax Bonds Payable From the $0.80 Constitutional Tax Rate . . . Texas Government Code, Section 1301.003, limits the amount of bonds that may be issued for certain purposes as follows:

Courthouse Bonds	-	2% of Assessed Valuation
Jail Bonds	-	1 1/2% of Assessed Valuation
Courthouse and Jail Bonds	-	3 1/2% of Assessed Valuation
Road and Bridge Bonds	-	1 1/2% of Assessed Valuation

However, courthouse, jail and certain other types of bonds may be issued under the separate statutory authority, which removes the above limitations.

Article VIII, Section 9, of the Texas Constitution, imposes a limit of $0.80 per $100 Assessed Valuation for all constitutional purposes, including the General Fund, Permanent Improvement Fund, Road and Bridge Fund and Jury Fund, and debt service of bonds, certificates, warrants and certificates of obligation issued against such funds. Administratively, the Attorney General of the State of Texas will permit allocation of $0.40 of the $0.80 constitutional tax rate for Limited Tax Bond debt service.

The County's obligation to make contract payments to the Authority pursuant to the Joint Project Agreement is subject to this constitutional limitation.

Unlimited Tax Road Bonds . . . Article III, Section 52, Texas Constitution, provides that Unlimited Tax Road Bond Debt may not exceed 25% of the County's assessed valuation of real estate.

TABLE 7 – TAX ADEQUACY

2012 Principal and Interest Requirements	$34,589,601	(1)
$0.09060 Tax Rate at 96% Collection Produces	$ 34,618,515	
Average Principal and Interest Requirements (2012-2021)	$ 40,691,637	(1)
$0.10650 Tax Rate at 96% Collection Produces	$ 40,693,950	
Average Principal and Interest Requirements (2022-2026)	$ 38,823,696	(1)
$0.10170 Tax Rate at 96% Collection Produces	$ 38,859,856	
Average Principal and Interest Requirements (2027-2032)	$ 29,455,189	(1)
$0.07710 Tax Rate at 96% Collection Produces	$ 29,460,127	
Maximum Principal and Interest Requirements (2019)	$ 41,714,885	(1)
$0.10920 Tax Rate at 96% Collection Produces	$ 41,725,627	

(1) Does not include the Bonds

TABLE 8 – ESTIMATED CONSOLIDATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the County are paid out of ad valorem taxes levied by such entities on properties within the County. Such entities are independent of the County and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the County, the County has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the County.

Taxing Jurisdiction	Total G O Debt as of Various Dates	Estimated % Applicable	County's Overlapping G.O Debt as of Various Dates
Fort Bend County	**$ 485,890,000** (1)	**100.00%**	**$ 485,890,000** (1)
Cities			
Arcola	1,655,000	100 00%	$ 1,655,000
Beasley	370,000	100 00%	370,000
Kendleton	64,000	100 00%	64,000
Meadows Place	3,645,000	100 00%	3,645,000
Needville	85,000	100 00%	85,000
Orchard	37,000	100 00%	37,000
Richmond	10,645,000	100 00%	10,645,000
Rosenberg	52,029,000	100 00%	52,029,000
Sugar Land	236,556,502	100 00%	236,556,502
County-Line Cities			
Houston	3,408,440,000	0 61%	$ 20,791,484
Katy	11,865,000	39 36%	4,670,064
Missouri City	159,340,000	95 65%	152,408,710
Pearland	307,985,000	1 61%	4,958,559
Stafford	635,000	100 00%	635,000
Total Cities			$ 488,550,319
School Districts			
Fort Bend ISD	951,714,425	100 00%	$ 951,714,425
Lamar Consolidated ISD	453,390,000	100 00%	453,390,000
Needville ISD	72,240,000	100 00%	72,240,000
County-Line School Districts			
Brazos ISD	16,769,993	73 16%	$ 12,268,927
Katy ISD	1,077,256,064	36 98%	398,369,292
Stafford MSD	63,840,000	99 62%	63,597,408
Total School Districts			$ 1,951,580,052
Special District Debt			
Total Special District Debt (2)			$ 1,939,061,149
Other			
Houston Community College District	181,000,000	2 91%	$ 5,267,100
Total Other			$ 5,267,100
Summary of Total Estimated Overlapping Debt			
Cities			$ 488,550,319
School Districts			1,951,580,052
Special Districts			1,939,061,149
Other			5,267,100
Estimated Overlapping Debt			$ 4,384,458,620
Fort Bend County - Direct Obligations			$ 485,890,000 (1)
Total Direct and Estimated Overlapping Debt			$ 4,870,348,620

Source Texas Municipal Reports published by the Municipal Advisory Council of Texas

(1) County debt outstanding as of July 1, 2012 Includes the County's $116,940,000 Unlimited Tax and Subordinate Lien Toll Road Refunding Bonds, Series 2012 which were delivered on July 12, 2012, and excludes the bonds refunded by such refunding bonds Does not include the Bonds

(2) Total Special District Debt includes numerous special districts with varying amounts of debt applicable to the County

COUNTY DEBT INFORMATION

TABLE 9 – PRO-FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

	County Debt Paid From Ad Valorem Taxes					
Year End September 30	Limited Tax Bonds	Unlimited Tax Bonds	Flood Control Water Supply Corporation Limited Tax Bonds	Total Debt Service Paid From Ad Valorem Taxes	Toll Road Tax Bonds[1]	Grand Total Requirements
2012	$ 15,911,263	$ 12,265,260	$ 1,284,738	$ 29,461,260	$ 5,128,341	$ 34,589,601
2013	15,912,200	15,626,135	1,270,119	32,808,454	8,603,476	41,411,930
2014	15,916,938	15,524,923	1,323,700	32,765,560	8,176,450	40,942,010
2015	15,915,238	15,424,160	1,262,300	32,601,698	8,288,725	40,890,423
2016	15,918,338	15,329,835	1,182,100	32,430,273	8,839,625	41,269,898
2017	15,509,113	15,222,348	1,128,000	31,859,460	9,346,625	41,206,085
2018	15,513,038	15,120,348	1,074,500	31,707,885	9,921,875	41,629,760
2019	15,512,088	15,018,673	1,026,500	31,557,260	10,157,625	41,714,885
2020	15,513,488	14,916,810	949,500	31,379,798	10,321,875	41,701,673
2021	15,512,944	14,820,966	893,200	31,227,110	10,333,000	41,560,110
2022	15,512,750	12,978,588		28,491,338	10,339,125	38,830,463
2023	15,512,125	12,971,511		28,483,636	10,320,250	38,803,886
2024	15,515,500	12,972,456		28,487,956	10,354,875	38,842,831
2025	15,511,344	12,967,831		28,479,175	10,332,250	38,811,425
2026	15,512,875	12,974,872		28,487,747	10,342,125	38,829,872
2027	15,508,556	10,611,763		26,120,319	10,347,875	36,468,194
2028	15,512,588	8,699,088		24,211,675	10,339,000	34,550,675
2029	15,513,969	8,699,300		24,213,269	10,329,875	34,543,144
2030	15,511,213	4,928,463		20,439,675	10,357,188	30,796,863
2031	9,884,306	4,930,625		14,814,931	10,317,375	25,132,306
2032		4,928,450		4,928,450	10,311,500	15,239,950
	$ 306,629,869	$ 256,932,403	$ 11,394,656	$ 574,956,928	$ 202,809,054	$ 777,765,982

(1) Includes debt service on the County's $116,940,000 Unlimited Tax and Subordinate Lien Toll Road Refunding Bonds, Series 2012 which were delivered on July 12, 2012, and excludes debt service on the bonds refunded by such refunding bonds Does not include debt service on the Bonds

TABLE 10 – INTEREST AND SINKING FUND BUDGET PROJECTION

Tax Supported Debt Service Requirements, Fiscal Year Ending September 30, 2012		$ 34,589,601
Interest and Sinking Fund, September 30, 2011	$ 5,181,758	
Estimated Interest and Sinking Fund Tax Levy @ 97% Collections	26,562,514	
Transfer from Toll Road Authority	5,128,341	
Projected Other Income	1,045,000	37,917,612
Estimated Balance, September 30, 2012		$ 3,328,012

TABLE 11 – AUTHORIZED BUT UNISSUED BONDS

Purpose	Date Authorized	Amount Authorized	Issued To Date	Unissued Balance
County Roads	5/12/2007	$ 156,000,000	$ 115,000,000	$ 41,000,000

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT

The County does not anticipate any further issuance of general obligation debt in the current fiscal year.

TABLE 12 – OTHER OBLIGATIONS

As of September 30, 2011, the County has no other outstanding obligations.

PENSION FUND

The County provides pension, disability and death benefits for all of its full-time employees through a non-traditional, joint contributory, defined contribution plan in the state-wide Texas County and District Retirement System (TCDRS). Under the state law governing TCDRS, the contribution rate of the County is a fixed percent equal to twice the contribution rate payable by the employee member. Currently, the employee member is required to contribute 7% and the County contributes 14%. This rate is not actuarially determined and is one of the rates that can be adopted by the County in accordance with the TCDRS Act. The matching rate is funded by direct allocation by the County along with plan savings from the prior year, therefore the actual allocation rate is less. The following schedule shows the County allocation rate over the past five years that was necessary to achieve a contribution rate of 14%:

Year:	2009	2010	2011	2012	2013
Rate:	10.07%	10.83%	10.65%	11.12%	11.55%

The plan of benefits adopted by the employer at the time of plan inception and when benefit increases are adopted is limited by statute to what the actuary determines can be adequately financed by the commitment of the employer to contribute on behalf of the employee to achieve the match described above. The statute specifies that the actuary's determination is based on a maximum period for amortizing the unfunded pension benefit obligation of 30 years. The schedule below shows a 5-year analysis of the County's pension benefit funding (data as of 12/31/2011 is not yet available):

Schedule of Funding Information

Actuarial valuation date	12/31/2006	12/31/2007	12/31/2008	12/31/2009	12/31/2010
Actuarial value of assets	$ 186,654,926	$ 205,614,643	$ 209,747,313	$ 238,298,754	$ 257,926,802
Actuarial accrued liability (AAL)	$ 211,484,564	$ 232,539,055	$ 254,807,906	$ 283,956,716	$ 307,767,507
Unfunded/(Overfunded) actuarial accrued liability (UAAL or OAAL)	$ 24,829,638	$ 26,924,412	$ 45,060,593	$ 45,657,962	$ 49,840,705
Funded ratio	88 26%	88 42%	82 32%	83 92%	83 81%
Annual covered payroll (actuarial)	$ 73,899,065	$ 81,337,945	$ 92,096,921	$ 104,983,019	$ 106,041,139
UAAL or OAAL as % of covered payroll	33 60%	33 10%	48 93%	43 49%	47 00%

(For more detailed information concerning the retirement plan, see APPENDIX C – EXCERPTS FROM THE COUNTY'S ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDING SEPTEMBER 30, 2011 - Note 8.)

OTHER POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits through the TCDRS, the County sponsors and administers a single-employer defined benefit health care plan titled "Fort Bend County Employee Benefit Plan" (the "Plan"). The Plan was established and approved by Fort Bend County Commissioners Court and Chapter 175 of the Local Government Code which provides eligible employees, retirees, and their eligible dependents with the following post-employment benefits:

• Eligible retirees have a portion of their medical and dental insurance premiums paid by the County for participation with the County's healthcare provider; and at the County's cost to cover current employees

• Eligible dependents of retirees have a portion of their medical and dental insurance premiums paid by the County for participation with the County's healthcare provider; and at the County's cost to cover current employees

The Plan does not issue a separate, publicly available report.

The contribution requirements of the County and plan members are established and may be amended by Commissioners Court. These contributions are neither guaranteed nor mandatory. The County has retained the right to unilaterally modify its payments toward retiree healthcare benefits. The Plan provides for the payment of a portion of the health and dental insurance premiums for eligible retired employees and their dependents. Plan members receiving benefits contribute a percentage of the monthly insurance premium. Currently, the Plan pays a portion of the retiree's premiums, as well as his or her dependent coverage. The retiree contributes the premium cost each month, less the Plan subsidy.

The County is statutorily required to permit retiree participation in the health insurance program on a pooled non-differentiated basis. The County, therefore, charges both groups an equal, blended rate premium. Although both groups are charged the same rate, GAAP requires the actuarial figures to be calculated using age adjusted premiums approximating claim costs for retirees separately from active employees. The use of age adjusted premiums results in the addition of an implicit rate subsidy into the actuarial accrued liability. However, the County has elected to contribute to the Plan at a rate that is based on an actuarial valuation prepared using the blended rate premium that is actually charged to the Plan.

The County recognizes its share of the costs of providing these benefits when paid, on a "pay-as-you-go" basis. These payments are budgeted annually. The County contributed approximately $2.7 million for the fiscal year ended September 30, 2011. At September 30, 2011, there were 365 retirees receiving benefits and approximately 2,275 active members not yet eligible to receive such benefits. Commencing in fiscal year 2008, the County implemented GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions." The County performs an annual actuarial valuation of its post-retirement benefit liability. The County discusses the pre-funding of this liability annually during the budget process while reviewing the actuarial valuation. The County has chosen to first modify the Plan to control and reduce cost before pre-funding the OPEB liability. The changes are not influencing the actuarial calculation yet. The major changes are:

- Increase the vesting period to be eligible to retire from 8 years to 16 years beginning 1/1/2010.
- Changed to a national provider network in 2012 to achieve greater discounts.
- Opened an employee/retiree primary care clinic January 2012 to control utilization and costs.

The financial statement disclosures for 2011 are as follows:

For fiscal year 2011, the County's annual OPEB cost for the Plan was $31,751,414. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended September 30, 2011, were as follows:

	Fiscal Year Ending 9/30/11
Determination of Annual Required Contribution	
Normal Cost at Fiscal Year End	$ 17,130,282
Amortization of Unfunded Actuarial Accrued Liability	15,793,330
Annual Required Contribution (ARC)	32,923,612
Determination of Net OPEB Obligation	
Annual Required Contribution	32,923,612
Interest on prior-year Net OPEB Obligation	3,004,505
Adjustment to ARC	(4,176,703)
Annual OPEB Cost	31,751,414
Less Assumed Contributions Made	(5,104,000)
Estimated Increase in Net OPEB Obligation	26,647,414
Net OPEB Obligation - Beginning of Year	75,112,628
Net OPEB Obligation - End of Year	$ 101,760,042
Percentage of OPEB Cost Contributed	16.1%

The following table shows the annual OPEB cost and net OPEB obligation for fiscal years 2008-2011 assuming the plan is not prefunded (4% discount)

Fiscal Year Ended	Discount Rate	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2008	4%	$26,985,307	10.50%	$24,163,790
2009	4%	26,608,211	7.30%	48,819,922
2010	4%	30,699,706	14.40%	75,112,628
2011	4%	31,751,414	16.10%	101,760,042

A schedule of funded status as of the most recent actuarial valuation is as follows:

Actuarial valuation date	October 1, 2009
Actuarial value of plan assets (a)	$0
Actuarial accrued liability (AAL) (b)	$240,282,297
Unfunded/(Overfunded) actuarial accrued liability (UAAL or OAAL) (b-a)	$240,282,297
Funded Ratio (a/b)	0.0%
Annual Covered Payroll (c)	$104,983,019
UAAL or OAAL as % of covered payroll ((b-a)/c)	228.9%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

The actuarial cost method used for determining the benefit obligations is a Projected Unit Credit Cost Method. Under this method, the actuarial present value of projected benefits is the value of benefits expected to be paid for current actives and retirees and is calculated based on certain assumptions and census data. The Actuarial Accrued Liability (AAL) is the actuarial present value of benefits attributed to employee service rendered prior to the valuation date. The AAL equals the present value of benefits multiplied by a fraction equal to service to date over service at expected retirement. The Normal Cost is the actuarial present value of benefits attributed to one year of service. This equals the present value of benefits divided by service at expected retirement. Since retirees are not accruing any more service, their normal cost is zero. In determining the Annual Required Contribution, The Unfunded AAL is amortized as a level dollar over 30 years. The actuarial assumptions included a 4% per annum discount rate for valuing liabilities. Employees eligible for retiree medical benefits assumed to elect continued medical coverage in retirement for themselves and their spouses is 100% and 40% respectively. The valuation assumes a 4.9% to 8.5% healthcare cost trend increase beginning in fiscal year 2010 based on the premiums of the respective plan types, reduced by decrements to rates of 4.9% to 6.1% after 7 years.

COUNTY FINANCIAL INFORMATION

TABLE 13 – CHANGES IN NET ASSETS

	Fiscal Year Ended September 30,				
Revenues	2011	2010	2009	2008	2007
Program Revenues					
Charges for Services	$ 37,241,289	$ 35,156,664	$ 35,102,888	$ 33,424,910	$ 30,555,885
Operating Grants and Contributions	35,820,119	23,313,282	33,935,787	24,399,799	19,049,110
Capital Grants and Contributions	25,214,312	30,358,341	63,974,765	33,540,586	103,693,431 (1)
General Revenues					
Property Taxes	196,820,339	198,888,176	191,467,403	171,832,680	151,404,502
Earnings on Investments	2,925,202	3,870,155	3,664,184	8,072,311	12,009,284
Other	6,065,510	4,237,069	3,901,588	2,170,172	1,693,188
Total Revenues	$ 304,086,771	$ 295,823,687	$ 332,046,615	$ 273,440,458	$ 318,405,400
Expenditures					
General Administration	$ 47,101,717	$ 44,235,342	$ 40,876,045	$ 41,632,474	$ 12,414,272
Financial Administration	8,648,273	8,059,389	8,841,189	7,588,070	5,666,739
Administration of Justice	86,081,856	78,194,354	75,836,037	45,849,068	33,554,996
Construction & Maintenance	46,150,023	45,850,196	45,882,038	40,018,361	-
Road & Bridge	-	-	-	-	44,381,066
Health & Welfare	25,283,662	23,789,044	25,623,533	21,690,506	19,866,544
Cooperative Service	1,177,426	1,131,763	1,188,580	1,132,987	934,276
Public Safety	55,190,407	55,214,005	61,126,911	68,877,031	52,325,953
Parks & Recreation	2,915,986	2,576,095	1,879,525	2,114,983	1,822,404
Flood Control Projects	-	-	-	-	6,434,608
Libraries & Education	14,810,488	13,468,700	12,956,363	12,280,421	10,694,749
Capital Outlay, interim activity	-	-	-	-	-
Internal Service Fund, interim activity	-	-	-	-	-
Interest on Long-Term Debt	14,887,908	15,494,994	12,338,352	10,621,067	6,051,065
Total Expenditures	$ 302,247,746	$ 288,013,882	$ 286,548,573	$ 251,804,968	$ 194,146,672
Change in Net Assets	$ 1,839,025	$ 7,809,805	$ 45,498,042	$ 21,635,490	$ 124,258,728
Net Assets, Beginning	715,845,088 (2)	708,025,880 (2)	663,834,575 (2)	642,199,088	517,940,360 (2)
Ending Fund Balance	$ 717,684,113	$ 715,835,685	$ 709,332,617	$ 663,834,578	$ 642,199,088

Source: County's audited financial statements
(1) Unaudited, represents Texas Department of Transportation projects with the County as a partner that have been completed
(2) Restated

TABLE 13A – GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Seven Months Ended April 30,		Fiscal Year Ended September 30,				
Revenues	2012[1]	2011[1]	2011	2010	2009	2008	2007
Taxes	$ 149,846,355	$ 147,275,437	$ 150,611,129	$ 154,092,302	$ 150,881,918	$ 139,477,502	$ 122,607,412
Fees and Fines	11,039,714	10,640,187	26,538,216	24,501,004	22,691,631	20,061,234	18,593,505
Intergovernmental	7,664,859	13,015,906	23,894,468	18,114,404	24,989,268	14,556,972	6,519,034
Earnings on Investments	688,159	877,434	1,457,487	1,445,301	1,247,763	2,866,409	4,469,895
Miscellaneous	5,442,019	4,531,291	3,372,764	3,185,729	2,540,424	1,657,663	2,342,280
Total Revenues	$ 174,681,106	$ 176,340,255	$ 205,874,064	$ 201,338,740	$ 202,351,004	$ 178,619,780	$ 154,532,126
Expenditures							
Current Operating							
General Administration	22,250,311	22,195,276	41,623,232	39,663,645	36,997,902	35,207,103 [2]	26,030,749
Financial Administration	4,209,538	4,201,094	7,158,932	6,709,784	7,130,068	6,328,276	5,631,690
Administration of Justice	30,831,275	29,918,203	54,210,526	50,317,627	50,165,055	22,752,204	18,784,040
Road & Bridge	-	-	-	-	-	-	2,693,264
Construction and Maintenance	1,564,749	1,610,608	2,843,242	2,795,780	3,057,376	2,637,980	-
Health & Welfare	10,953,019	11,565,040	17,345,040	17,576,622	19,440,480	17,179,487	14,957,641
Cooperative Service	591,734	543,878	986,392	933,519	1,049,985	975,720	934,276
Public Safety	24,200,179	22,620,763	42,751,912	39,189,698	43,501,625	61,678,076 [2]	50,294,207
Parks & Recreation	1,013,115	1,314,773	2,263,590	2,231,528	1,815,986	1,739,346	1,822,404
Libraries & Education	7,454,340	7,091,212	12,113,853	11,297,919	11,274,245	10,342,295	10,605,484
Capital Outlay	9,349,383	10,637,349	20,194,149	18,443,425	22,149,422	8,590,318	15,321,628
Total Expenditures	$ 112,417,643	$ 111,698,196	$ 201,490,868	$ 189,159,547	$ 196,582,144	$ 167,430,805	$ 147,075,383
Revenues Over (Under) Expenditures	$ 62,263,463	$ 64,642,059	$ 4,383,196	$ 12,179,193	$ 5,768,860	$ 11,188,975	$ 7,456,743
Transfer In (Out)	(8,286,693)	(3,627,727)	(3,704,588)	(3,362,527)	(9,950,498)	(8,145,190)	(8,594,882)
Beginning Fund Balance, January 1	44,058,981	43,380,373	43,380,373	34,563,707	38,745,345 [3]	35,701,557	36,839,696
Ending Fund Balance	$ 98,035,751	$ 104,394,705	$ 44,058,981	$ 43,380,373	$ 34,563,707	$ 38,745,342	$ 35,701,557

Source The County
(1) Unaudited
(2) Construction in Progress expenditures were previously categorized as Capital Outlay These expenditures are now categorized based on the governmental function it benefits
(3) Restated.

FINANCIAL POLICIES

Basis of Accounting . . . The accounting policies of the County conform to generally accepted accounting principles for governmental entities as promulgated by the Government Accounting Standards Board. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the combined balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the combined balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The accounts of the Governmental Fund Types (the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds) and Agency Funds are maintained, and the financial statements have been prepared, on the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when they become susceptible to accrual (i.e., both measurable and available). Available means collectible within the current year or soon enough thereafter to be used to pay liabilities of the current year. Substantially all revenues, except property taxes, are considered to be susceptible to accrual. Property taxes, which are levied in the last quarter of the year and collected before year-end, are considered deferred revenues because such revenues are not legally available to pay liabilities in the current year. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on the general long-term debt are recognized as expenditures when due.

General Fund Balance . . . The General Fund is used to account for all revenues and expenditures not accounted for in other funds, relating to general operations.

Debt Service Fund Balance . . . Used to account for payment of principal and interest on general long-term debt.

Budgetary Procedures . . . The County Budget Officer prepares the proposed budget using revenue estimates furnished by the County Auditor. A public hearing is held on the budget before finalizing it. The Commissioners Court may increase or decrease the amounts requested by the departments. In the final budget, which is usually adopted in the last quarter of the fiscal year, appropriations of the budgeted funds cannot exceed the available fund balances in such funds on January 1, plus the estimated revenues for the ensuing year. During the year, the Commissioners Court may increase budgeted revenues and expenditures for unexpected revenues or beginning fund balances in excess of budget estimates, provided it rules that a state of emergency exists. The level of budgetary control is at the major operating group level. There are four major operating groups:

Salary and Personnel Costs	Information Technology Costs
Operating and Training Costs	Capital Acquisition Costs.

The underlying budget is maintained at the line item level, but departments are able to transfer amounts within each major group without court approval. Transfers between major groups require court approval. Transfers among individual expenditure line items within major categories may be made during the year, but no such transfer may increase the overall total of the budget without the declaration of an emergency. It is the amended budget that is presented in the financial statements on the budgetary basis. Except for transfers among budgeted line items and the amendment to the indigent health care budget, there were no other significant increases in the adopted budget.

INVESTMENTS

The County invests the Authority's investable funds in investments authorized by Texas law in accordance with investment policies approved by the Commissioners Court of the County. Both state law and the County's investment policies are subject to change.

LEGAL INVESTMENTS

Under Texas law, the County is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent, (6) certificates of deposit that are guaranteed or insured by the Federal Deposit Insurance Corporation or are secured as to principal by obligations described in the preceding clauses or in any other manner and amount provided by law for County deposits, (7) certificates of deposit and share certificates issued by a state or federal credit union domiciled in the State of Texas that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in the clauses (1) through (5) or in any other manner and amount provided by law for County deposits, (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas, (9) bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (10) commercial paper that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (11) no-load money market mutual funds regulated by the Securities and Exchange Commission that have a dollar weighted average portfolio maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of $1 for each share, (12) no-load mutual funds registered with the Securities and Exchange Commission that: have an average weighted maturity of less than two years; invests exclusively in obligations described in the preceding clauses; and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent, (13) bonds issued, assumed, or guaranteed by the State of Israel, and (14) guaranteed investment contracts secured by obligations of the United States of America or its agencies and instrumentalities, other than the prohibited obligations described in the next succeeding paragraph.

The County may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAm or an equivalent by at least one nationally recognized rating service. The County is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Effective September 1, 2003, governmental bodies in the State are authorized to implement securities lending programs if (i) the securities loaned under the program are collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) of the first paragraph under this subcaption, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm not less than "A" or its equivalent, or (c) cash invested in obligations that are described in clauses (1) through (6) and (10) through (12) of the first paragraph under this subcaption, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the governmental body, held in the name of the governmental body and deposited at the time the investment is made with the Agency or a third party designated by the Agency; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

INVESTMENT POLICIES

Under Texas law, the County is required to invest its funds, including the Authority's funds, under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for County funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups. All County funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, County investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the County shall submit an investment report detailing: (1) the investment position of the County, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest County funds without express written authority from the Commissioners Court.

ADDITIONAL PROVISIONS

Under Texas law the County is additionally required to: (1) annually review its adopted policies and strategies; (2) require any investment officers' with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the Commissioners Court; (3) require the registered principal of firms seeking to sell securities to the County to: (a) receive and review the County's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) perform an annual audit of the management controls on investments and adherence to the County's investment policy; (5) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (6) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (7) restrict its investment in mutual funds in the aggregate to no more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, and to invest no portion of bond proceeds, reserves and funds held for debt service, in mutual funds; and (8) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements.

TABLE 14 – CURRENT INVESTMENTS

As of May 31, 2012, the County's investable funds were invested in the following categories:

Description	Book Value	Market Value
Texas Term Investment Pool	$ 1,985,093	$ 1,985,093
Texas Class Investment Pool	4,354	4,354
LOGIC State Pool	7,065	7,065
	$ 1,996,512	$ 1,996,512

INVESTMENT CONSIDERATIONS

The following is a discussion of certain matters that should be considered in evaluating an investment in the Bonds. This discussion does not purport to be either comprehensive or definitive. The order in which the investment considerations are presented is not intended to reflect either the likelihood that a particular event will occur or the relative significance of such an event. Moreover, there are other considerations associated with an investment in the Bonds in addition to those set forth herein. Prospective investors should read the entire Official Statement, including the appendices.

GENERAL

The information set forth in this Official Statement has been obtained from records, financial reports and other sources of the Authority and County that are considered to be reliable. All of the summaries of the statutes, documents and the orders contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and orders. These summaries do not purport to be complete statement of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

No opinion or representation is rendered as to whether any forecast will approximate actual results, and all opinions, estimates, and assumptions, whether or not expressly identified as such, should not be considered statements of fact. Inevitably, some underlying assumptions and estimates will not be realized, and unanticipated events and circumstances may occur. Therefore, actual results will vary, and such differences may be material.

Unless expressly stated to the contrary, information on internet websites referenced in this Official Statement is not incorporated into this Official Statement, and such information is dated as indicated therein. The Authority, the County, the Financial Advisor and the Underwriters make no assurances that any such information will be updated in the future. The Authority, the County, the Financial Advisor and the Underwriters disclaim any responsibility regarding other internet sites that may be accessed through any website referenced in this Official Statement.

TRAFFIC AND REVENUE REPORT

Based upon the Traffic and Revenue Study prepared by Wilbur Smith Associates (now CDM Smith Inc.), the Authority reasonably anticipates that the Project will generate Net Revenues in an amount sufficient to pay the debt service on the Bonds.

The Traffic and Revenue Study includes (i) a "base case" forecast, which assumes a full build-out of the entire Grand Parkway and (ii) an alternative "Segment D Only" forecast. The alternative scenario assumes Segment D will be constructed alone without the impact of the other adjacent segments of the Grand Parkway. Although considered unlikely, the alternative scenario helps to illustrate the toll feasibility of Segment D as a standalone project. There are no guarantees that additional segments of the Grand Parkway will be completed or if completed , when. The study also includes assumptions relating to the expansion of the Project with additional lanes, when traffic congestion is at Level of Service (LOS) C as contemplated by the Terms and Conditions.

The revenue forecasts in the Traffic and Revenue Study are based upon certain assumptions set forth or incorporated therein. See "THE TRAFFIC AND REVENUE STUDY" in APPENDIX A. The Traffic and Revenue Study is not a guarantee of any future events or trends, and the forecasts therein are subject to future economic and social conditions and demographic developments that cannot be predicted with certainty. Further, any of the estimates and assumptions in the Traffic and Revenue Study are inherently subject to significant economic and competitive uncertainties and contingencies, many of which are beyond the control of the Authority. Failure to achieve or realize any of the assumptions listed in the Traffic and Revenue Study may have a materially adverse effect upon the toll revenues actually realized.

THE GRAND PARKWAY SYSTEM

The entire Grand Parkway is an approximately 180 mile project that consists of 11 segments that traverse through seven counties, including Segment C in Fort Bend and Brazoria Counties and Segment D in Fort Bend County. Segments E, F-1, F-2 and G, in Harris and Montgomery Counties, are being financed and developed by TxDOT. In addition, TxDOT is responsible for constructing the interchanges at Segments D and E of the Grand Parkway and I-10. There are no guarantees that the additional segments and interchanges will be completed or, if completed, when. See the "base case" and "Segment D Only" forecasts and related discussion in the "THE TRAFFIC AND REVENUE STUDY" in APPENDIX A.

Furthermore, the Traffic and Revenue Study makes certain assumptions regarding the timing of completion of other segments of the Grand Parkway System. Delays in those projects would affect revenues on Segment D.

OPERATING RISKS

The collection of toll revenues will be subject to the risks inherent in the establishment and operation of any toll facility, including, among other things, the volume of traffic that utilizes the Project, the ability of the Authority to accurately process data and the ability of the Authority to manage toll evasion and implement effective toll collection and enforcement practices.

Other operating risks that could impact revenues include (i) the ability of the Authority to control expenses, (ii) the availability of adequately-trained personnel, (iii) population, employment and income trends within the region, (iv) congestion on alternative freeways, highways, and streets, (v) time savings experienced by motorists utilizing the toll facilities, (vi) the level and escalation of toll rates, (vii) the availability and price of fuel; and (viii) the construction of new or improved competitive roadways or transit facilities or alternative modes of transportation.

The continued successful operation of the Project will require timely and adequate maintenance and replacement of components of the Project. Any significant deterioration in the Project may result in increased Project Expenses and in reduced usage, including temporary lane closures.

PAYMENT OF DEBT SERVICE AND PROJECT EXPENSES

Under the Joint Project Agreement, the County has agreed to make contractual payments to the Authority sufficient to provide for the payment of (i) debt service on the Bonds and (ii) operating and maintenance costs of the Project. See "THE GRAND PARKWAY SYSTEM—CONTRACT WITH THE COUNTY."

The Bonds are secured, pursuant to the Indenture, by a pledge of and lien on all of the Authority's right, title and interest in and to the County's unconditional contractual obligation to pay the Authority from annual ad valorem taxes levied by the County, within the limits prescribed by law, the principal of and interest on the Bonds to the extent toll revenues and other available funds are insufficient to meet the debt service on the Bonds. See "SECURITY AND SOURCE OF PAYMENT—GENERAL."

In addition, so long as any Bonds or additional bonds are outstanding, the County has agreed in each year to levy, assess, and collect an annual tax on all taxable property within the County fully sufficient in each year (taking into account delinquencies and costs of collection) to produce revenues which shall be sufficient to (i) pay as they become due all Project Expenses for which there are insufficient available Revenues or (ii) produce revenues for the Project equal to the amounts budgeted for such purpose in such year by the County, whichever is greater. **Any such revenues are not part of the Trust Estate and may not be applied to the payment of Debt Service on the Bonds or any Additional Bonds.** See "SECURITY AND SOURCE OF PAYMENT—MAINTENANCE TAX COVENANT."

Notwithstanding the Joint Project Agreement, the limited tax pledge and the maintenance tax pledge, the long-term expectation of the Authority and the County is that the Project will generate sufficient revenues to be self-supporting. No assurance can be made that sufficient toll revenues will be available in the future to provide for payment of Debt Service on the Bonds or to maintain the Project adequately over the long term or that the County will not have to make payments under the Joint Project Agreement.

COSTS OF CONSTRUCTION OF TOLL FACILITIES

In projects of the magnitude of the Project being developed and operated by the Authority, there is a possibility of time delays and cost increases resulting from (i) design and construction problems and resulting change orders, (ii) environmental litigation or environmental administrative matters, (iii) the unavailability or cost of acquiring right-of-way or other realty interests, (iv) archeological, historic and unidentified subsurface conditions, (v) utility relocation problems, (vi) hazardous materials, (vii) force majeure events, (viii) litigation, or (ix) inflation. As a result, there can be no assurance that the costs of completion for the Project and improvements and extensions to the Project will not exceed current estimates, or that the completion of such projects will not be delayed beyond estimated and scheduled completion dates. Variations in cost estimates and delays in construction could be material.

There is also a possibility of insolvency or bankruptcy of the contractors during construction. While contractors generally are required to provide performance bonds and payment bonds, there can be no assurance that such bonds will be sufficient to assure timely completion of the Project and improvements and extensions to the Project. Moreover, if a default occurs under a construction contract by the contractor, there is a possibility of litigation between the Authority and the providers of the performance bonds and payment bonds and/or the contractor, which could further delay construction and the opening of the Project. Any such delays and/or cost overruns could result in the delay or reduction in the collection of revenues and an increase in costs.

TOLL RATES

In the Indenture, the Authority has covenanted to keep in effect a plan for toll collecting facilities and a schedule of rates of tolls that will generate during each fiscal year an amount of Net Revenues which, together with all amounts in the Subordinate Lien Debt Service Fund as of the last day of the preceding fiscal year, will at least equal 100% of the amounts required to pay the principal of and interest on the Subordinate Lien Bonds (including the Bonds) in such fiscal year, subject to the toll rate escalation requirements established by the Term and Conditions. See "SECURITY AND SOURCE OF PAYMENT—TOLL COVENANT" and "THE GRAND PARKWAY SYSTEM—GENERAL."

On August 23, 2011, the Commissioners Court of the County established a toll rate setting policy (the "Toll Policy") for future toll rate adjustments on the Authority's toll facilities. The Toll Policy establishes a process for an annual adjustment of toll rates, with provisions for rounding tolls to appropriate levels. The Toll Policy provides guidelines for the systematic implementation of future rate increases. The Commissioners Court of the County can repeal or amend the Toll Policy at any time. See "THE GRAND PARKWAY SYSTEM—INITIAL AND FUTURE TOLL RATE ESCALATION METHODOLOGY." The County's willingness and ability to raise toll rates or to implement alternative toll pricing strategies in the future may be influenced by a variety of factors, including the Terms and Conditions, toll rates charged by the owners or operators of other toll facilities in the region, local and regional economic conditions and political sensitivities.

In addition, when a toll rate increase is implemented, a portion of travelers may discontinue use of a toll facility in favor of alternative routes. Accordingly, future increases in toll rates could result in reduced usage of the Project which could result in decreased toll revenues.

ALTERNATIVE ROUTES

There are a number of non-tolled roadways in the County that can serve as alternative routes for prospective users of the Project. In particular, drivers will have free access to the main lanes of Segment D of the Project by entering after an overpass and exiting before the next overpass. See "TRAFFIC AND REVENUE STUDY" in APPENDIX A. Factors that could affect use of the Project include cost, time of day, day of the week, speed and delay.

MOTOR FUEL PRICES AND TAXES

There is no assurance that motor fuel will remain in adequate supply or that motor fuel prices and federal and State motor fuel taxes will not increase. Increases in motor fuel pump prices could negatively impact the toll revenues on the Project. Additionally, if motor fuel prices increase, it could have an adverse effect on the economy of the region which could negatively impact toll revenues on the Project.

MARKET DISRUPTIONS, RELIANCE ON CAPITAL MARKETS AND MARKET TURMOIL

The credit markets experience substantial disruption from time to time. There can be no assurance as to the timing of any disruption or the extent of any recovery that may be made by the credit markets. The Authority's capital plans include raising additional funds through bond financings for extensions and improvements to the Project. If the Authority is unable to access the credit markets as a result of any such disruption, it is likely to have to delay the completion of certain projects until such time as the capital markets rebound. The effect of such delays could result in increased costs for such projects and a delay in the receipt of revenues from such projects.

The recent domestic financial crisis has had, and may continue to have, negative repercussions upon the national economy, including a scarcity of credit, lack of confidence in the financial sector, extreme volatility in the financial markets, fluctuations in interest rates, reduced business activity, increased unemployment, increased consumer bankruptcies and increased business failures and bankruptcies. Congress, the Federal Reserve Board and other agencies of the federal government have taken various actions that are designed to enhance liquidity, improve the performance and efficiency of the credit markets and generally stabilize the securities markets and stimulate the economy. There can be no assurance that these actions will be effective. If the economic environment remains weak or worsens further, it could negatively impact the financial condition of the Authority and the County.

LIMITATION AND ENFORCEABILITY OF REMEDIES

The remedies available to owners of any Bonds upon an event of default under the transaction documents, including the Indenture, are limited to the seeking of specific performance in a writ of mandamus or other suit, action or proceeding compelling and requiring the Authority and its officials of the Authority and County to observe and perform any covenant, condition or obligation prescribed in the transaction documents, including the Indenture. Bondholders do not have the right to have the maturity of the Bonds accelerated as a remedy in the event of a default by Authority or the County under the transaction documents. The enforcement of the remedy of mandamus may be difficult and time consuming. No assurance can be given that a mandamus or other legal action to enforce a default under the transaction documents would be successful.

The remedies under the transaction documents, including the Indenture, may be dependent upon judicial or other actions that are subject to discretion and delay and may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

FUTURE AND PROPOSED TAX LEGISLATION

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

FORWARD-LOOKING STATEMENTS

The statements contained in this Official Statement, and in other information provided by the Authority or the County, that are not purely historical, are forward-looking statements, including statements regarding the Authority's or the County's expectations, hopes, intentions or strategies regarding the future and the projections in the traffic and revenue study. All forward-looking statements included in this Official Statement are based on information available to the Authority and the County on the date hereof, and the Authority and the County assume no obligation to update any such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates that are inherently subject to numerous risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

TAX MATTERS

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, (i) interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, and (ii) the Bonds are not subject to the alternative minimum tax on individuals and corporations, except for certain alternative minimum tax consequences for corporations.

The Internal Revenue Code of 1986, as amended (the "Code") imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of proceeds and the source of repayment, limitations on the investment of proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The Authority has covenanted in the Resolution that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Resolution pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and, in addition, will rely on representations by the Authority, the Authority's Financial Advisor and the Underwriter with respect to matters solely within the knowledge of the Authority, the Authority's Financial Advisor and the Underwriter, respectively, which Bond Counsel has not independently verified. If the Authority should fail to comply with the covenants in the Resolution or if the foregoing representations should be determined to be inaccurate or incomplete, interest on the Bonds could become taxable from the date of delivery of the Bonds, regardless of the date on which the event causing such taxability occurs.

The Code also imposes a 20% alternative minimum tax on the "alternative minimum taxable income" of a corporation if the amount of such alternative minimum tax is greater than the amount of the corporation's regular income tax. Generally, the alternative minimum taxable income of a corporation (other than any S corporation, regulated investment company, REIT, REMIC or FASIT) includes 75% of the amount by which its "adjusted current earnings" exceeds its other "alternative minimum taxable income." Because interest on tax exempt obligations, such as the Bonds, is included in a corporation's "adjusted current earnings," ownership of the Bonds could subject a corporation to alternative minimum tax consequences.

Under the Code, taxpayers are required to report on their returns the amount of tax exempt interest, such as interest on the Bonds, received or accrued during the year. Payments of interest on tax-exempt obligations such as the Bonds are in many cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

Prospective purchasers of the Bonds should be aware that the ownership of tax exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits, including tax exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date hereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income

tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Authority as the taxpayer and the owners of the Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT BONDS

The issue price of certain of the Bonds (the "Original Issue Discount Bonds") may be less than the stated redemption price at maturity. In such case, under existing law, and based upon the assumptions hereinafter stated (a) the difference between (i) the stated amount payable at the maturity of each Original Issue Discount Bond and (ii) the issue price of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond at the initial public offering price in the initial public offering of the Bonds; and (b) such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Bond was held by such initial owner) is includable in gross income. (Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under the caption "TAX MATTERS" generally applies, except as otherwise provided below, to original issue discount on a Original Issue Discount Bond held by an owner who purchased such Bond at the initial offering price in the initial public offering of the Bonds, and should be considered in connection with the discussion in this portion of the Official Statement.)

The foregoing is based on the assumptions that (a) the Underwriter has purchased the Bonds for contemporaneous sale to the general public and not for investment purposes, and (b) all of the Original Issue Discount Bonds have been offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a cash price (and with no other consideration being included) equal to the initial offering prices thereof stated on the cover page of this Official Statement, and (c) the respective initial offering prices of the Original Issue Discount Bonds to the general public are equal to the fair market value thereof. Neither the Authority nor Bond Counsel warrants that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Bond for purposes of determining the amount of gain or loss recognized by such owner upon redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price plus the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership and redemption, sale or other disposition of such Bonds.

CONTINUING DISCLOSURE INFORMATION

THE AUTHORITY

In the First Supplemental Indenture, the Authority has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The Authority is required to observe the agreement for so long as it remains an "obligated person" with respect to the Bonds, within the meaning of the Securities and Exchange Commission's Rule 15c2-12 (the "Rule"). Under the agreement, the Authority will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB").

ANNUAL REPORTS

The Authority will provide certain updated financial information and operating data to the MSRB. The information to be updated includes the following quantitative financial information and operating data with respect to the Authority: (1) traffic count table for the Project, (2) toll rate schedule for the Project, (3) selected financial information of the Authority, (4) historical toll road operating results and coverages (starting in the first full year after completion of the Project), (5) debt service requirements, and (6) APPENDIX D. The Authority will update and provide this information within six months after the end of each fiscal year ending in and after 2012.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the Authority commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Authority will provide unaudited financial statements by the required time and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX C or such other accounting principles as the Authority may be required to employ from time to time pursuant to State law or regulation.

The Authority's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the Authority changes its fiscal year. If the Authority changes its fiscal year, it will notify the MSRB of the change.

NOTICE OF CERTAIN EVENTS

The Authority will also provide timely notices of certain events to the MSRB. The Authority will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the Authority, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material. In addition, the Authority will provide timely notice of any failure by the Authority to provide annual financial information in accordance with their agreement described above under "ANNUAL REPORTS."

For these purposes, any event described in (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

AVAILABILITY OF INFORMATION

The Authority has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS

The Authority has agreed to update information and to provide notices of certain specified events only as described above. The Authority has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The Authority makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The Authority disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the Authority to comply with its agreement.

The Authority may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Authority, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the Authority (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The Authority may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the SEC Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of the SEC Rule 15c2-12 are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the Authority so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS

This is the Authority's first bond issue, therefore the Authority has not previously made a continuing disclosure agreement in accordance with the Rule.

THE COUNTY

In the Joint Project Agreement, the County has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The County is required to observe the agreement for so long as it remains an "obligated person" with respect to the Bonds, within the meaning of the Rule. Under the agreement, the County will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the MSRB.

ANNUAL REPORTS

The County will provide certain updated financial information and operating data to the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the County of the general type included in this Official Statement under Tables numbered 1 through 7 and 9 through 14 and in APPENDIX C. The County will update and provide this information within six months after the end of each fiscal year ending in and after 2012.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the SEC as permitted by Rule. The updated information will include audited financial statements, if the County commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the County will provide unaudited financial statements by the required time and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX C or such other accounting principles as the County may be required to employ from time to time pursuant to State law or regulation. The County's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the County changes its fiscal year. If the County changes its fiscal year, it will notify the MSRB of the change.

NOTICE OF CERTAIN EVENTS

The County will also provide timely notices of certain events to the MSRB. The County will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the County, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material. In addition, the County will provide timely notice of any failure by the County to provide annual financial information in accordance with their agreement described above under "ANNUAL REPORTS." For these purposes, any event described in (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the County in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

AVAILABILITY OF INFORMATION

The County has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS

The County has agreed to update information and to provide notices of certain specified events only as described above. The County has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The County makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The County disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the County to comply with its agreement.

The County may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the County, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the County (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The County may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the County so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "—Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS

The County has complied, in all material respects, with all continuing disclosure undertakings made by it in accordance with the Rule.

OTHER INFORMATION

RATINGS

The Bonds have been assigned ratings of "___" by Moody's Investors Service Inc. ("Moody's") and "AA+" by Fitch Ratings ("Fitch"). An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the Authority makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies , if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Bonds.

LITIGATION

It is the opinion of the Authority that there is no pending litigation against the Authority that would have a material adverse financial impact upon the Authority or its operations.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The Authority assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION – RATINGS" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the Authority has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL MATTERS

The Authority will furnish a complete transcript of proceedings had incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Bonds and to the effect that the Bonds are valid and legally binding obligations of the Authority, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law and the Bonds are not subject to the alternative minimum tax on individuals and corporations, except for certain alternative minimum tax consequences for corporations as described under "TAX MATTERS." The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds, or which would affect the provision made for their payment or security, or in any manner questioning the validity of said Bonds will also be furnished. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Official Statement to verify that such description conforms to the provisions of the Bond Order. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from Authority records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

FINANCIAL ADVISOR

First Southwest Company is employed as Financial Advisor to the Authority 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. First Southwest Company, in its capacity as Financial Advisor, 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.

The Financial Advisor to the Authority has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Authority and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

UNDERWRITING

The Underwriters have agreed, subject to certain conditions precedent, to purchase the Bonds from the Authority at a price of $_____ (representing the par amount of the Bonds of $_____, plus a premium of $_____, less an underwriters' discount of $_____). The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriters.

Citigroup Inc., parent company of Citigroup Global Markets Inc., an underwriter of the Bonds, has entered into a retail brokerage joint venture with Morgan Stanley. As part of the joint venture, Citigroup Global Markets Inc. will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Citigroup Global Markets Inc. will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

Loop Capital Markets LLC, has entered into a distribution agreement with UBS Financial Services Inc. for the retail distribution of certain municipal securities offerings at the original issue prices. Pursuant to such agreement, Loop Capital Markets will share a portion of its underwriting compensation with respect to the Bonds with UBS Financial Services Inc.

On April 2, 2012, Raymond James Financial, Inc. ("RJF"), the parent company of Raymond James & Associates, Inc. ("Raymond James"), acquired all of the stock of Morgan Keegan & Company, Inc. ("Morgan Keegan") from Regions Financial Corporation. Morgan Keegan and Raymond James are each registered broker-dealers. Both Morgan Keegan and Raymond James are wholly owned subsidiaries of RJF and, as such, are affiliated broker-dealer companies under the common control of RJF, utilizing the trade name "Raymond James | Morgan Keegan" that appears on the cover of this Preliminary Official Statement. It is anticipated that the businesses of Raymond James and Morgan Keegan will be combined.

Morgan Keegan has entered into a distribution arrangement with Raymond James for the distribution of the Bonds at the original issue prices. Such arrangement generally provides that Morgan Keegan will share a portion of its underwriting compensation or selling concession with Raymond James.

FORWARD-LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided by the Authority, that are not purely historical, are forward-looking statements, including statements regarding the Authority's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Authority on the date hereof, and the Authority assumes no obligation to update any such forward-looking statements. The Authority's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Authority. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

MISCELLANEOUS

The financial data and other information contained herein have been obtained from the Authority's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

The order authorizing the issuance of the Bonds will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Bonds by the Underwriters.

CERTIFICATION OF THE OFFICIAL STATEMENT

At the time of payment for and delivery of the Bonds, the Authority will furnish a certificate, executed by proper officers, acting in their official capacity, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the Authority contained in its Official Statement, and any addenda, supplement or amendment thereto, on the date of such Official Statement, on the date of sale of said Bonds and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the Authority and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the Authority, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the Authority believes to be reliable and the Authority has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the Authority since the date of the last audited financial statements of the Authority.

Chairman, Board of Directors
Fort Bend Grand Parkway Toll Road Authority

ATTEST:

Secretary, Board of Directors
Fort Bend Grand Parkway Toll Road Authority

APPENDIX A

TRAFFIC AND REVENUE STUDY

CDM Smith

900 Chapel Street, Suite 1400
New Haven, Connecticut 06510
tel: 203 865-2191
fax: 203 624-0484

June 25, 2012

Fort Bend Grand Parkway Toll Road Authority
Sugarland, TX 77479

Subject: **FBGPTRA - SH 99 Grand Parkway Segment D**
Traffic and Revenue Bring Down Letter 2012

Gentlemen:

This bring down letter is provided in connection with the issuance of Toll Road Revenue Bonds, Series 2012 by the Fort Bend Grand Parkway Toll Road Authority (FBGPTRA) used in the financing of Grand Parkway Segment D (Segment D) in Fort Bend County, Texas. CDM Smith[1] is pleased to submit this update and review of the continuing validity of the Comprehensive Traffic and Revenue (T&R) Study dated June 2011. Full background information regarding the project configuration, tolling concepts and assumptions were provided in the original comprehensive report which remain broadly unchanged unless stated in the letter below.

Several important topics are addressed in this letter, including an update regarding observed traffic in the corridor, a review of the continued validity of the regional socio-economic forecasts, and a reasonableness check of the base case revenue growth forecast by analogy with actual historical revenues of a parallel established toll facility in the western Houston region.

Also considered are additional sensitivity tests for variables that could impact future T&R on Segment D. These tests are provided as a result of new information arising from studies of other Segments of the Grand Parkway and of the Fort Bend Westpark Tollway Extension that have been conducted since the original 2011 Fort Bend Segment D T&R study.

Observed Traffic Update

An important consideration in any update of a traffic study is the trend in baseline traffic. Although a short time has elapsed since the 2011 T&R Study it is important to verify that traffic in the corridor has not shown signs of a slowdown.

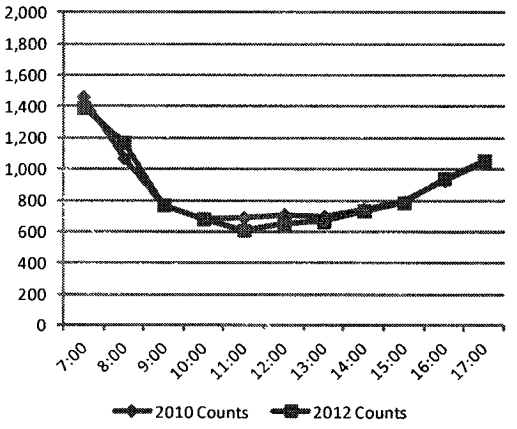
CDM Smith made widespread inquiries regarding the existence of fresh traffic data in the existing Segment D corridor and has been able to collect details of traffic counts performed around the Mason Road interchange. This permits a comparison with the 2010 counts conducted at two locations to the North and to the South of Mason Road. Table 1 and Table 2 summarize our analysis of these two locations.

[1] CDM Smith is the combined organization of the former CDM, Inc. and Wilbur Smith Associates, Inc. All prior work referenced was performed by Wilbur Smith Associates prior to the merger.

Table 1 - Comparison of Traffic, 2010 versus 2012
b/w Mason Rd and Bellfort/Morton St

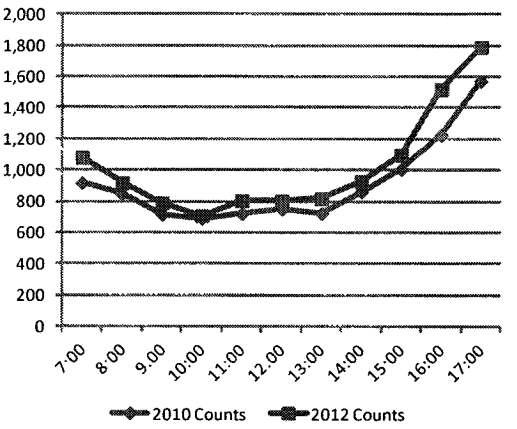
Southbound/Eastbound

Hour	2010 Counts	2012 Counts	
6:00	1,074	698	*30 min count
7:00	1,461	1,392	
8:00	1,074	1,170	
9:00	771	772	
10:00	685	683	
11:00	691	611	
12:00	711	650	
13:00	698	667	
14:00	746	737	
15:00	792	789	
16:00	930	943	
17:00	1,051	1,058	
18:00	951	460	*30 min count
Total (7am-6pm)	**9,607**	**9,472**	
Diff.		-135	
% Diff.		-1.4%	



Northbound/Westbound

Hour	2010 Counts	2012 Counts	
6:00	684	506	*30 min count
7:00	917	1,079	
8:00	846	917	
9:00	717	790	
10:00	689	708	
11:00	722	804	
12:00	751	804	
13:00	722	819	
14:00	862	928	
15:00	1,008	1,098	
16:00	1,227	1,519	
17:00	1,570	1,789	
18:00	1,218	777	*30-min count
Total (7am-6pm)	**10,028**	**11,255**	
Diff.		1,227	
% Diff.		12.2%	



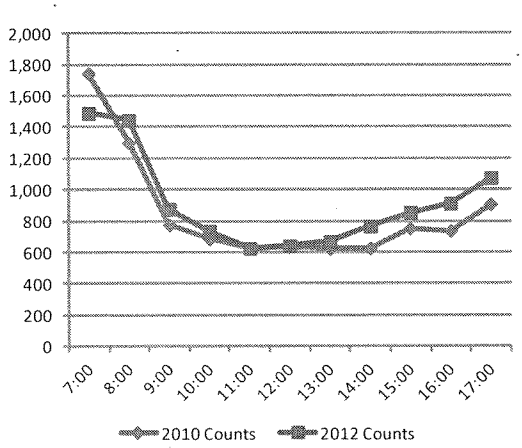
Source: CDM Smith T&R Study September 2010. TEDSI Infrastructure Group Mason Road Signal Study April 2012.

#

Table 2 - Comparison of Traffic, 2010 versus 2012
b/w Mason Rd and Harlem Rd

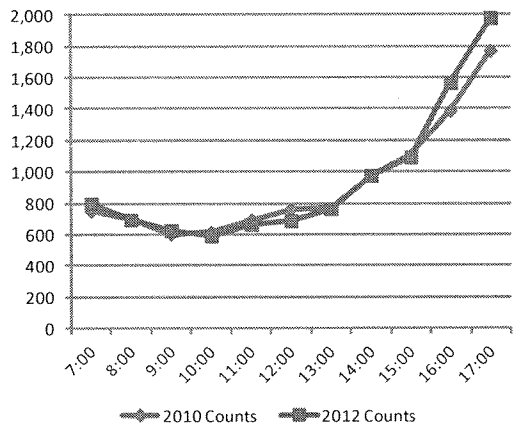
Southbound/Eastbound

Hour	2010 Counts	2012 Counts	
6:00	1,561	716	*30-min count
7:00	1,741	1,489	
8:00	1,302	1,445	
9:00	776	877	
10:00	687	736	
11:00	624	625	
12:00	635	641	
13:00	624	669	
14:00	625	766	
15:00	751	853	
16:00	736	912	
17:00	906	1,074	
18:00	867	460	*30-min count
Total (7am-6pm)	**9,404**	**10,087**	
Diff.		683	
% Diff.		7.3%	



Northbound/Westbound

Hour	2010 Counts	2012 Counts	
6:00	472	319	*30-min count
7:00	748	799	
8:00	694	695	
9:00	603	627	
10:00	616	592	
11:00	694	665	
12:00	761	687	
13:00	767	765	
14:00	971	976	
15:00	1,105	1,093	
16:00	1,386	1,567	
17:00	1,769	1,980	
18:00	1,284	814	*30-min count
Total (7am-6pm)	**10,112**	**10,446**	
Diff.		334	
% Diff.		3.3%	



Source: CDM Smith T&R Study September 2010. TEDSI Infrastructure Group Mason Road Signal Study April 2012.

#

It should be noted that the count locations were not perfectly consistent in particular in the case where traffic is lower in the 2012 count due to the existence of a local road perpendicular to one of the off-ramps. We can conclude however that traffic levels on the existing road remain at or above prior measurements.

Validity of the Socio-Economic Forecasts

In conjunction with the original T&R Study, an independent economist, CDS Market Research (CDS), was commissioned to review the socio-economic potential of the region including a detailed small area analysis of the Grand Parkway corridor for near term Segments. Since June 2011, CDS has refined their forecast to include calibration to 2010 Census data and small area refinements vision for the FBCTRA Westpark Extension T&R Study.

For the present update two tasks were undertaken to review the validity of the socio-economic forecasts underlying the 2011 T&R estimates:

- First, CDS was requested to perform a review of their original independent forecast in light of any updated information. A letter from CDS outlining their review and confirmation of their forecasts is included at Attachment A to this letter. In summary, CDS has noted an improvement in the local economy with some minor changes to some specific development patterns, both upside and downside. CDS concluded their original forecast remains reasonable.

- Second, CDM Smith obtained and reviewed current forecasts from a leading independent economic forecaster, Moody's economy.com (Moody's), for comparison with their forecasts available at the time of the 2011 T&R study.

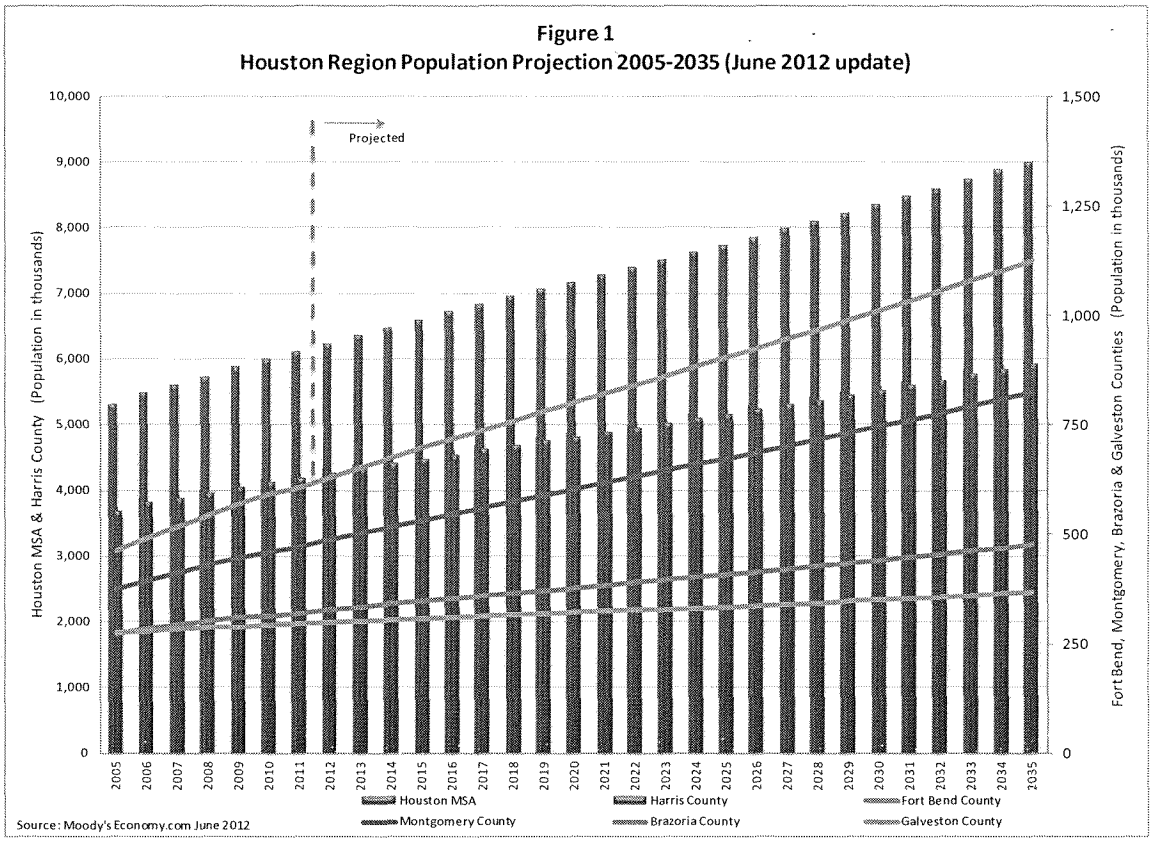
The remainder of this section summarizes the current outlook for the key forecasting variables as estimated by Moody's and compares that outlook with that published at the time of the 2011 T&R Study.

Socio-Economic Outlook

The following figures summarize Houston MSA and individual county forecasts provided by Moody's in June 2012. For scaling purposes, the larger MSA and Harris County data is shown as bar charts while the other constituent counties are shown as line charts. Fort Bend County data is depicted by a green line.

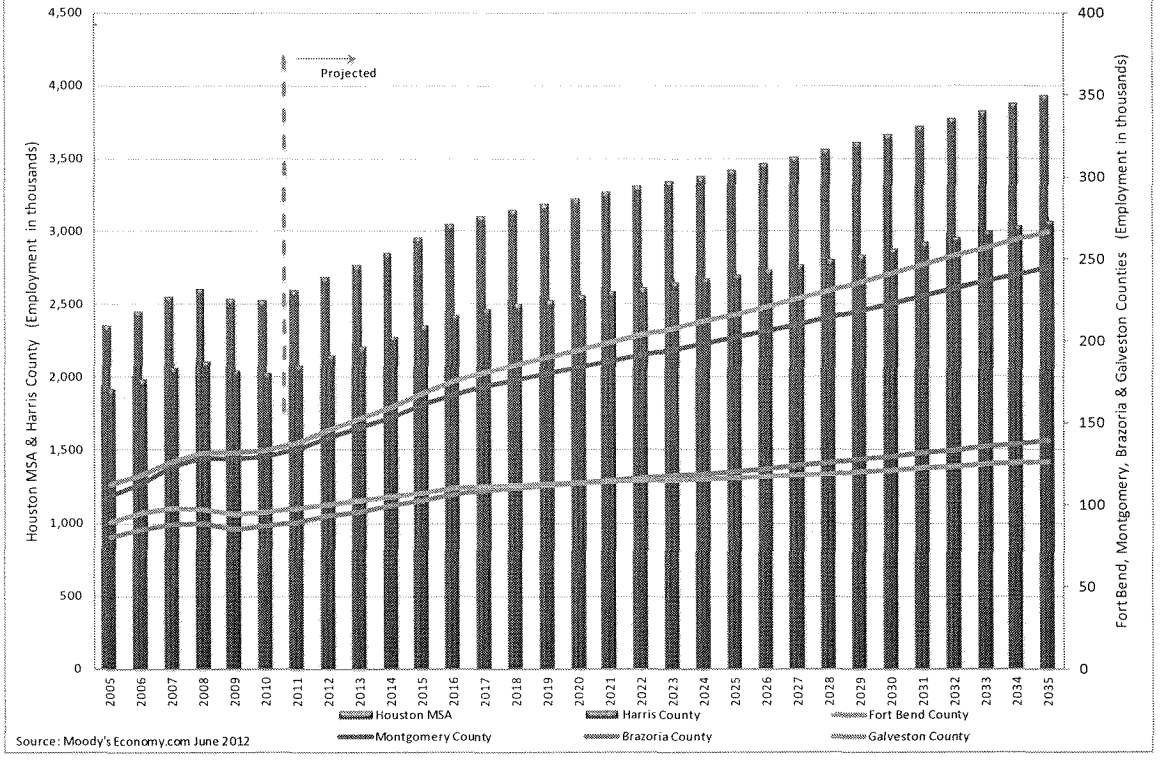
Figure 1 shows Moody's forecast of population for the Houston region. Considerable growth is anticipated for Fort Bend, Montgomery and Harris counties – those that future Grand Parkway

Segments D to G will traverse. Average annual growth of Fort Bend population is predicted to be roughly 2.6%.



Moody's current projections for employment shown in Figure 2 also indicate a particularly healthy outlook for Fort Bend and Montgomery Counties. The estimate of annual average growth is approximately 2.8% for the Fort Bend County employment. The present economic slowdown is visually evident in the figure as is the relatively high growth through 2016 as the recovery continues.

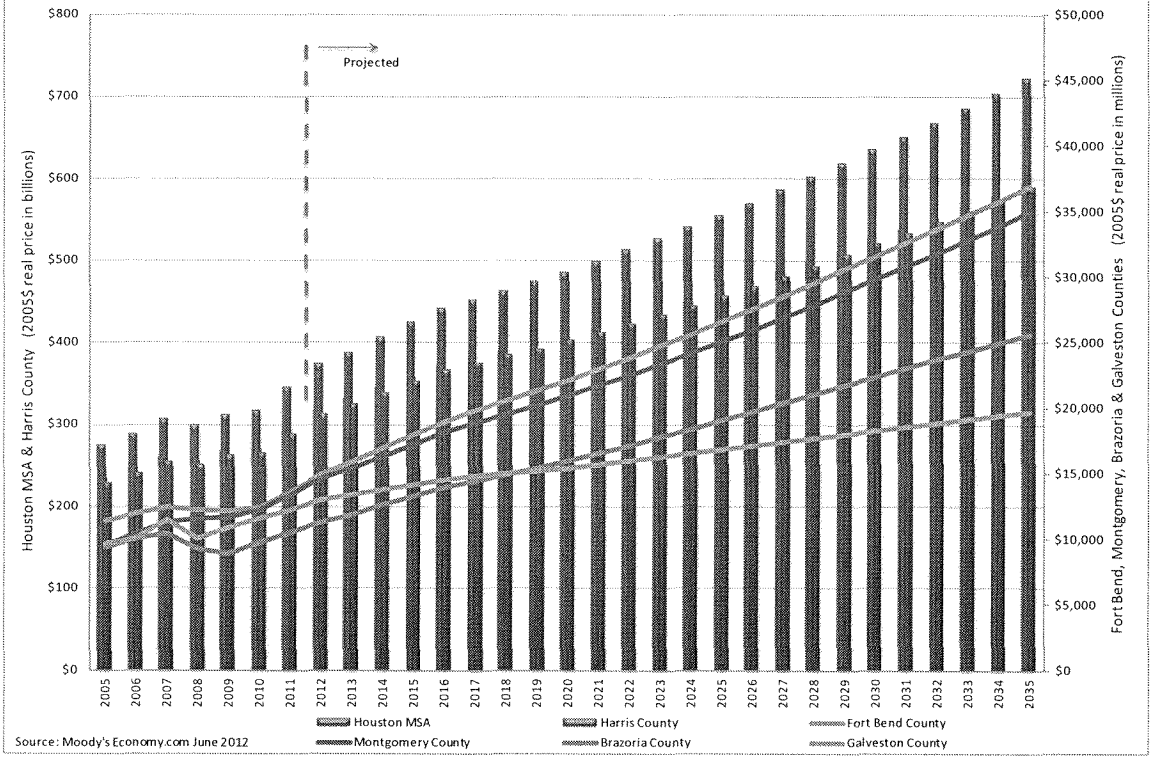
Figure 2
Houston Region Employment Projection 2005-2035 (June 2012 update)



Finally, projections for regional and county "gross product" are summarized in Figure 3 which also presents strong economic growth for Fort Bend County which is forecast to remain the second highest in the region in terms of the value of its economic activity.

The projections of gross product and population imply annual average growth of gross product *per head* of about 1.8 percent over the forecast horizon in Fort Bend County.

Figure 3
Houston Region Gross Product Projection 2005-2035 (June 2012 update)



In summary, Moody's projections for the region and for Fort Bend in particular remain very positive in terms of the outlook of these three key variables that would be key drivers of travel demand in the Grand parkway corridor.

To assess whether the outlook has changed since the original 2011 T&R study was performed, CDM Smith compared the Moody's forecasts updated in February 2011 versus those obtained in June 2012. Table 3 summarizes the differences.

Fort Bend population shows a small adjustment in the early years due to revisions as a result of the 2010 Census, as population had generally been underestimated prior to the Census. There is also a minor adjustment to the outer years which is a maximum of only 1.5 percent by 2040.

Table 3
Comparison of Socioeconomic Forecasts
Fort Bend County

	Population [1]			
Year	Original Study	June 2012 update	Diff.	% Diff.
2009	556,900	569,100	12,200	2.2%
2010	579,900	590,900	11,000	1.9%
2011	602,800	607,000	4,200	0.7%
2015	693,600	696,400	2,800	0.4%
2020	802,400	800,500	(1,900)	-0.2%
2030	1,020,800	1,010,600	(10,200)	-1.0%
2040	1,261,000	1,242,500	(18,500)	-1.5%

	Employment [2]			
Year	Original Study	June 2012 update	Diff.	% Diff.
2009	131,700	131,400	(300)	-0.2%
2010	133,200	133,300	100	0.1%
2011	139,000	138,000	(1,000)	-0.7%
2015	169,400	167,500	(1,900)	-1.1%
2020	196,300	194,400	(1,900)	-1.0%
2030	246,700	240,900	(5,800)	-2.4%
2040	304,400	292,200	(12,200)	-4.0%

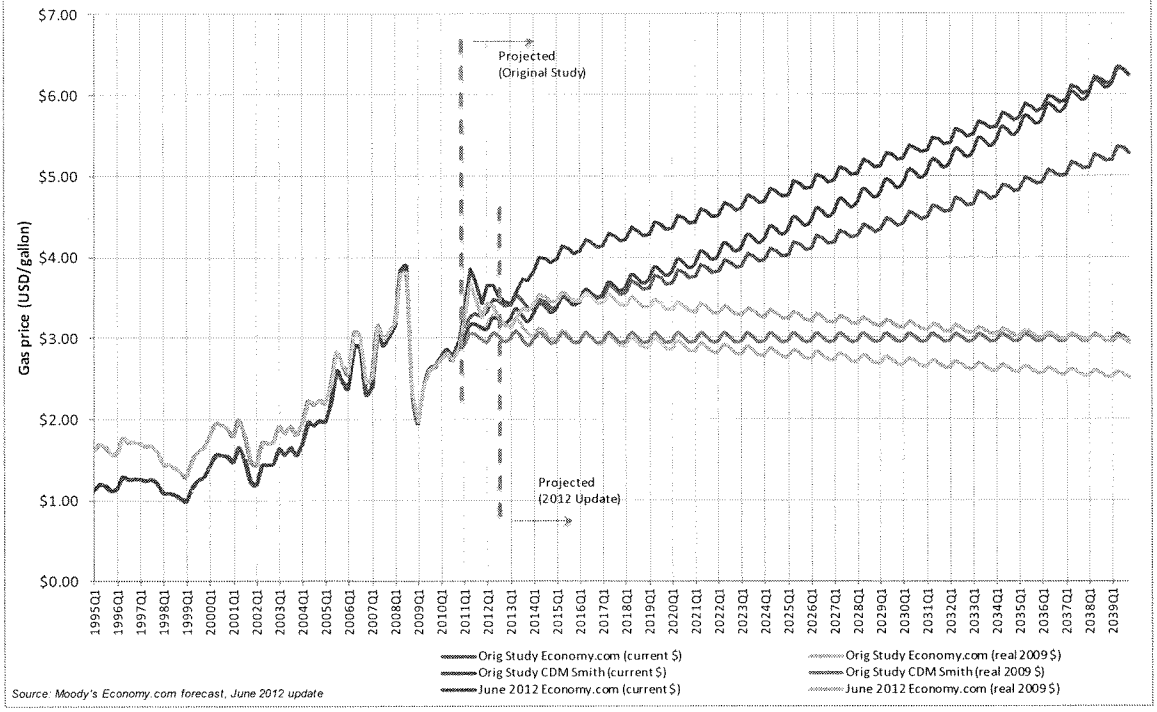
	Gross Product (Mil. Chained 2005 $) [3]			
Year	Original Study	June 2012 update	Diff.	% Diff.
2009	$12,207	$12,146	($61)	-0.5%
2010	$12,559	$12,489	($70)	-0.6%
2011	$13,537	$13,633	$97	0.7%
2015	$17,104	$17,980	$876	5.1%
2020	$21,349	$22,125	$777	3.6%
2030	$30,368	$31,600	$1,231	4.1%
2040	$43,023	$43,182	$158	0.4%

Note:
Historical data end dates for respective variables as below:
[1] Population - Original Study: December 2009
June 2012 update: December 2011
[2] Employment - Original Study: December 2009
June 2012 update: December 2010
[3] Gross Product - Original Study: December 2009
June 2012 update: December 2010

Employment is now projected to be slightly lower - between 1 percent and 2.4 percent less through 2030 and 4.0 percent less in 2040. Finally, the outlook for gross product in the County is more positive throughout the whole forecast period by as much as 5.1 percent.

Another key exogenous variable is the projected fuel price assumption. To gauge the dynamics of fuel price forecasting we compared the two Moody's forecasts as shown in Figure 4. Current forecasts are roughly 25 cents higher per gallon than the previous forecasts in the short term but gradually converge to parity in the long term resulting in a larger reduction in real prices over the forecast horizon.

Figure 4
National Gas Price Forecast Comparison



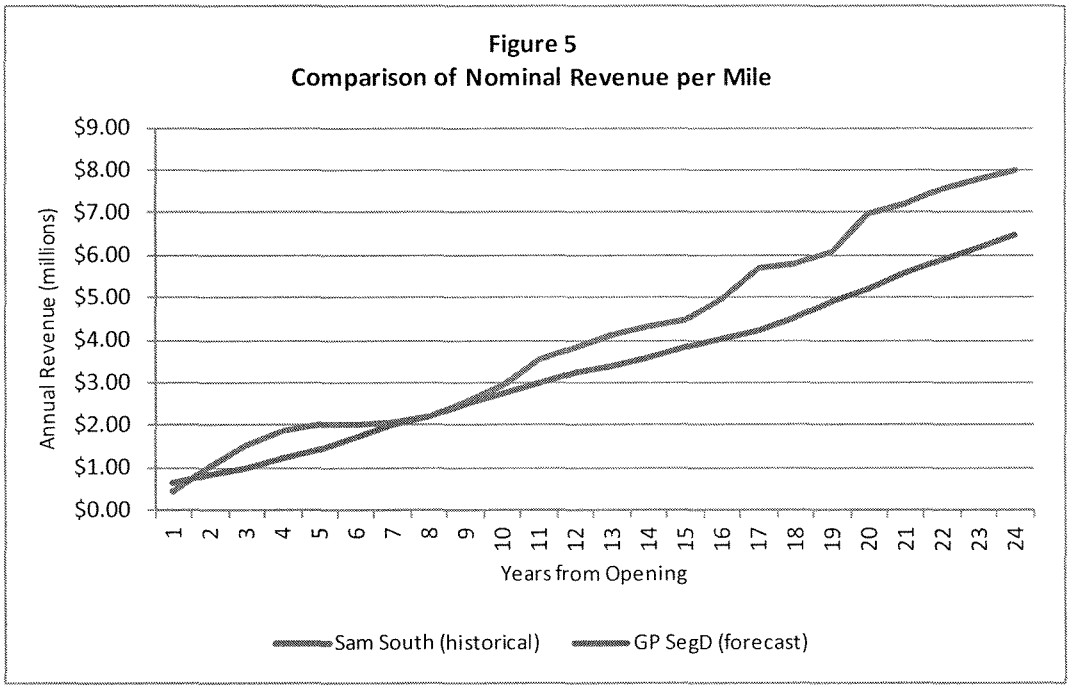
In conclusion, the base case assumptions used for key socio-economic variables in the original 2011 study remain reasonable having reviewed them against the updated current outlook. The independent economics has also been reviewed for reasonableness by CDS.

It should also be noted that sensitivity tests of the variability of T&R to key variables was provided in the original study.

Reasonableness of Base Case Revenue Growth

As a sense check of the reasonableness of the base case revenue growth forecast CDM Smith has compared the base case revenue forecasts for Segment D versus actual historical revenues of an established parallel toll facility in the western Houston region – the Western portion of the Sam Houston Tollway (Sam South) operated by HCTRA. This comparison made at the 'per mile' level is shown in Figure 5.

Figure 5
Comparison of Nominal Revenue per Mile



Except for toll increases roughly every 10 years, revenue growth on the Sam Houston has occurred as a result of increases in transactions. On the other hand Grand Parkway Segment D is estimated to achieve revenue growth as a result of regular annual toll increases in addition to traffic growth. Although the comparison is not perfect, it does provide a sense of the reasonableness of the estimated revenues by analogy.

Additional Sensitivity Tests

Standard sensitivity tests were provided in the original 2011 T&R Report, including the impacts of higher/lower economic growth, lower values of time and higher fuel prices. Since the 2011 Study was completed further refinements to the regional travel demand model have occurred as a result of ongoing studies for Fort Bend County and HCTRA/TxDOT. In addition further information has become available on possibly different configuration and tolling parameters for the other Segments of the Grand Parkway.

CDM Smith has identified the following possible refinements to assumptions that warrant further investigation and analysis of their estimated impact, as sensitivites:

Tolling

- Toll rates on other Grand Parkway Segments could be higher than assumed, i.e. 17.5 cents per mile versus 14.7 cents (in 2012 Dollars);
- Refined tolling concept on other Segments, changes to assumptions in Segment B (toll-free section on SH 35) and no-build of Segment A; and
- ETC-only (i.e. no video tolling) on other Grand Parkway Segments in lieu of AET;

Modeling Refinements

- Accelerated implementation schedule for other Grand Parkway Segments;
- Base year model refinements including additional survey trip tables merged from Segment E, F and G and carrying these additional adjustments to future year trip tables;
- Additional model calibration for screen lines and counts for Segment E, F and G study; and
- VOT inflation (2.25% until 2015 and 2.5% p.a. thereafter instead of 2.75% p.a.);

Socio-economics

- Improved Socio-economic data (refined CDS forecast includes calibration to 2010 Census data and revisions for the Westpark Extension study area).

Table 4 shows the estimated impacts of all the above changes for the following two scenarios, given that it is not certain that the other Segments would be required to be widened to accommodate traffic growth:

1. Base Case – as in the 2011 T&R Study it is assumed that Segment D and other Segments of the Grand Parkway will be widened as needed to six lanes to accommodate traffic growth;
2. No Widening – other Segments will remain at a 4-lane configuration and Segment D widening will not be triggered as capacity is reached.

Table 4
Estimated Impact on Transactions and Revenue
Percent Change versus 2011 Study

Year	Base Case (Widening to 6 Lanes from 2025 on)	Sensitivity Test without Widening (4 Lanes only)
2015	-3.0%	-3.0%
2020	-3.4%	-3.4%
2025	-8.8%	-22.2%
2035	-10.2%	-26.7%

The cumulative impact to the base case of the multiple refinements to assumptions listed above is minimal in the short-term and could have an impact to the Base Case of approximately 8 per cent to 10 percent long term with ETC-only operations and higher toll rates on the other Segments.

In the no widening scenario, there is an estimated revenue impact of over 20% after 2025. In this scenario FBGPTRA could offset this negative impact by foregoing Segment D expansion and saving costs appropriately in conjunction with further toll increases to manage demand.

Conclusions

Based on current economic trends, recent traffic performance data, and our review of key assumptions, CDM Smith concludes that the base case forecasts provided in the 2011 T&R Study remain valid and reasonable. No revised T&R Estimates are needed, however additional sensitivity tests are provided as a result of new information on the possible changes to some of the key assumptions. These new sensitivity tests are within the bounds of those provided previously; as always we recommend appropriate stress testing of financial models.

* * *

Respectfully submitted,

Scott A. Allaire

Scott Allaire
Vice President
CDM Smith Inc.

Attachment A

Update from Independent Economist – CDS Market Research

CDS Market Research
Community Development Strategies

May 25, 2012

Mr. Jonathan R. Pagan
Principal Project Manager
CDM Smith
3201 Jermantown Road, Suite 400
Fairfax, VA 22030

Mr. Pagan

CDS Market Research (CDS) is pleased to submit this update letter as a confirmation of the economic and demographic forecasts used in the Traffic and Revenue study by CDS Smith and documented in the report, *Economic and Demographic Forecast Report, Grand Parkway - Segments D through G,* March 18, 2011. These forecasts were adjusted slightly in June 2011 and documented in *Westpark Tollway Economic/Demographic Projections* and then updated in August 2011. In this letter, CDS will describe:

- Regional employment and population trends
- Announced development in the Grand Parkway Corridor
- Any factors which would have changed the assumptions used in preparing the previously mentioned forecasts.
- Outside review of the forecasts

Regional Employment and Population Trends: The Houston Regional Economy has improved somewhat in the past year. By most measures, Houston leads the nation in recovery from the recent recession. In the CDS economic and demographic projections, the county and regional forecasts of the University of Houston Institute for Regional Forecasting (UH-IRF) were adopted. After the 2010 Census was released, CDS adjusted the UH-IRF population projections slightly to accommodate the new census population estimates. In the CDS forecasts, the 8-county regional population was expected to increase by 143,900 annually from 2010 to 2040 and regional employment was expected to increase 56,750 annually over that same period. According to the U.S. Bureau of Labor Statistics, the region added 83,600 payroll jobs in the 12-months from March 2011 to March 2012. According to U.S. Bureau of the Census estimates, the 8-County region added 139,073 residents between the census and their latest 2011 estimate. Therefore the most recent statistics for the past year do not suggest that the long-term forecasts for the region and the counties are in need of modification.

Measure	CDS Long Term Projection –Avg. Annual Growth	Most recent Annual Growth from Government Sources	Actual 1 year Change / Long Term Projection
8-County Regional Employment	56,750	83,600	+47.3%
8-County Regional Population	143,900	139,073	-5.4%

The annual employment growth projection of 56,750 is an average over a long period of time, the one year growth of 83,600 is not out of line with a cyclical trend that would result in the long term average projected by the UH-IRF and CDS.

1001 S. Dairy Ashford, Suite 450 • Houston, TX 77077
(281) 582-0924 • Fax: (281) 497-3637 • www.cdsmr.com

Announced New Development. For this review, CDS investigated new announced development as well as changes in major development plans along the Grand Parkway corridor. CDS identified 36 residential development announcements in the past year and 5 office projects. Following is a list and a general assessment of whether those changes would materially affect the economic and demographic forecasts.

For each recent announcement, the location is matched to our geographic zones (Regional Analysis Zones (RAZ) or Small Analysis Zones (SAZ) which are often subsets of Traffic Analysis Zones). The growth in the CDS forecasts was evaluated to determine if the forecasts are adequate to accommodate expected growth within the planned development.

Residential Announcements

Development	Type	County	RAZ/SAZ	Comment
Waterford at Summer Park (196 units)	Apartments	Ft. Bend	156/3107	Forecast is consistent (high)
Dolce Living at Rosenberg (156 units)	Apartments	Ft. Bend	156/3107	Forecast is consistent (high)
Greatwood Lakes (100 acres, 254 lots)	Subdivision	Ft. Bend	154/3091	Forecast is consistent (high)
Telfair Lofts (317 units)	Apartments	Ft. Bend	150/2180	Forecast is barely adequate
Avalon at Telfair	Subdivision	Ft. Bend	154/2196	Forecast is consistent (high)
Ball Park at Imperial (254 units)	Apartments	Ft. Bend	151/2220	Forecast is consistent (high)
Brazos Senior Villas (96 units)	Senior Apts	Ft. Bend	149/2282	Forecast is consistent
Watermark at Sienna Plantation (240 units)	Apartments	Ft. Bend	155/2131	Forecast is consistent (high)
Taylor Morrison (100 acres-Broussard Tract)	Subdivision	Ft. Bend	146/2227	Forecast is consistent (high)
Taylor Morrison (15 acres-Parkway Lakes)	Subdivision	Ft. Bend	146/3126	Forecast is consistent (high)
Legend Homes (175 acres)	Subdivision	Ft. Bend	146/3117	Forecast is consistent (high)
Legends at Cinco Ranch Phase 2 (336 units)	Apartments	Ft. Bend	144/2242	Forecast is consistent (high)
Toll Brothers (180 acres-Reserve at Katy)	Subdivision	Ft. Bend	144/2234	Forecast is consistent (high)
Meritage Homes (117 acres Gustafson Tract)	Subdivision	Ft. Bend	144/2234	Forecast is consistent (high)
Terra Vista (600-acres)	Subdivision	Ft. Bend	146/2207	Forecast is consistent (high)
Lennar (242 acres – Addison Lakes)	Subdivision	Ft. Bend	143/1456	Forecast is consistent (high)
Cane Island (800 acres)	Subdivision	Ft. Bend	143/2319	Forecast is consistent (high)
Watermark at Katy Ranch (260 units)	Apartments	Harris	111/1436	Forecast is consistent (high)
KB Homes (60 acres- Morton Crossing)	Subdivision	Harris	113/3162	Forecast is consistent (high)
Williamsburg Apartments (600 units)	Apartments	Harris	113/3158	Forecast is low
Mariposa at FM529 (180 units)	Apartments	Harris	105/1715	Forecast is barely adequate
Queenston Manor	Apartments	Harris	114/1451	Forecast is consistent (high)
KB Homes (91 lots, Berkshire Crossing)	Subdivision	Harris	114/1452	Forecast is consistent (high)
Sueba Vintage Park Phase 4 (239 units)	Apartments	Harris	122/1801	Forecast is consistent (high)
Sueba-San Antiqua (277 units)	Apartments	Harris	123/1675	Forecast is low
Mariposa at Ella Bldv. (180 units)	Apartments	Harris	123/1655	Forecast is consistent (low)
DRHorton/Ryland Homes (127 acres Glenloch Farms)	Subdivision	Harris	122/1800	Forecast is consistent (high)
Meritage Homes (100 acres)	Subdivision	Harris	122/3268	Forecast is consistent (high)
McKenzie Park (193 acres, 294 lots)	Subdivision	Harris	122/3267	Forecast is consistent (high)
Ryland Homes (at Northhampton)	Subdivision	Harris	122/1808	Forecast is consistent (high)
New Subdivision (600 acres)	Subdivision	Mont.	130/3282	Forecast is consistent (high)
The Woodlands Lodge (300 units)	Apartments	Mont.	131/2399	Forecast is consistent (high)
The Retreat at Country Club (210 units)	Apartments	Mont.	136/2472	Forecast is consistent (high)
Mansions Woodland Phase 2 (405 units)	Apartments	Mont.	132/2415	Forecast is consistent (high)
Shadow Creek South (161 lots)	Subdivision	Harris	121/1816	Forecast is consistent (high)
Lennar, DRHorton -Whitestone Tract (1,564 acres)	Subdivision	Mont.	128/3317	Forecast is slightly low

Major Commercial Announcements

Development	Type	County	RAZ/SAZ	Comment
Energy Tower III (451,000 sf)	Office	Harris	104/1429	Forecast is low
Trammel Crow (3 Buildings, 1.5 million sf)	Office	Harris	102/1416	Forecast is low
Parkway Central (228,000 sf)	Office	Harris	104/1426	Forecast is low
Skanska Energy Corridor (2 buildings, 700,000 s.f)	Office	Harris	100/1351	Forecast is slightly low
Remington Square Building C (118,000 sf)	Office	Harris	107/1699	Forecast is consistent (high)
City Centre Three (120,000 sf)	Office	Harris	102/1412	Forecast is consistent (high)
Granite Briarpark Green (300,000 sf)	Office	Harris	63/1257	Forecast is consistent (high)
Six Sugar Creek (322,000 sf)	Office	Ft. Bend	151/2178	Forecast is consistent (high)
Research Forests Lakeside(6 bldgs, 358,000 sf)	Office	Mont.	132/2420	Forecast is slightly low
3 Waterway Place (152,000 sf)	Office	Mont.	132/2954	Forecast is slightly low
Anadarko Tower II (800,000 sf)	Office	Mont.	132/2954	Forecast is slightly low
Tanger Premium Outlet Mall (350,000 sf)	Retail	Galv.	178/2779	Forecast is consistent (low)

In the tables above, the Comment section can be interpreted as follows:

Forecast is consistent (high)	the forecast for this small zone can accommodate the announced project and much more
Forecast is consistent (low)	growth forecast for this small zone can accommodate the announced project
Forecast is slightly low	growth forecast in this small zone can accommodate some of the announced project
Forecast is low	forecast is not high enough for this zone to accommodate the announced project

Out of the 3,216 zones in the CDS Forecast, only 36 had new residential project announcements (1.1%). Of those 36 only 3 where considered to be "slightly low" or "low" (less than 1/10 of one percent),

For the jobs forecast, only 12 small zones had significant new projects announced (0.4%). In only three RAZs, 102 104 and 132, there were 4 small zones for which the announced commercial plans exceeded the forecasts (1.5% of the 199 RAZs and 0.1% of the SAZs).

The new announced developments in all of the zones in which our forecasts were generally sufficient were indicative of the development activity that CDS projected would occur within those zones. It was impossible to know the particular details of developments that have been announced since the last project update at the time of said update. However CDS' research and experience in the market lead us to believe that such development was highly likely.

Public Exposure of the Forecasts. In the past year since the forecasts were completed, CDS Market Research has been asked to present the forecasts to key groups across the Houston area. Presentations were made to:

- The West Houston Association
- The North Houston Association
- The Urban Land Institute – Houston Section
- Bay Area Houston Economic Partnership

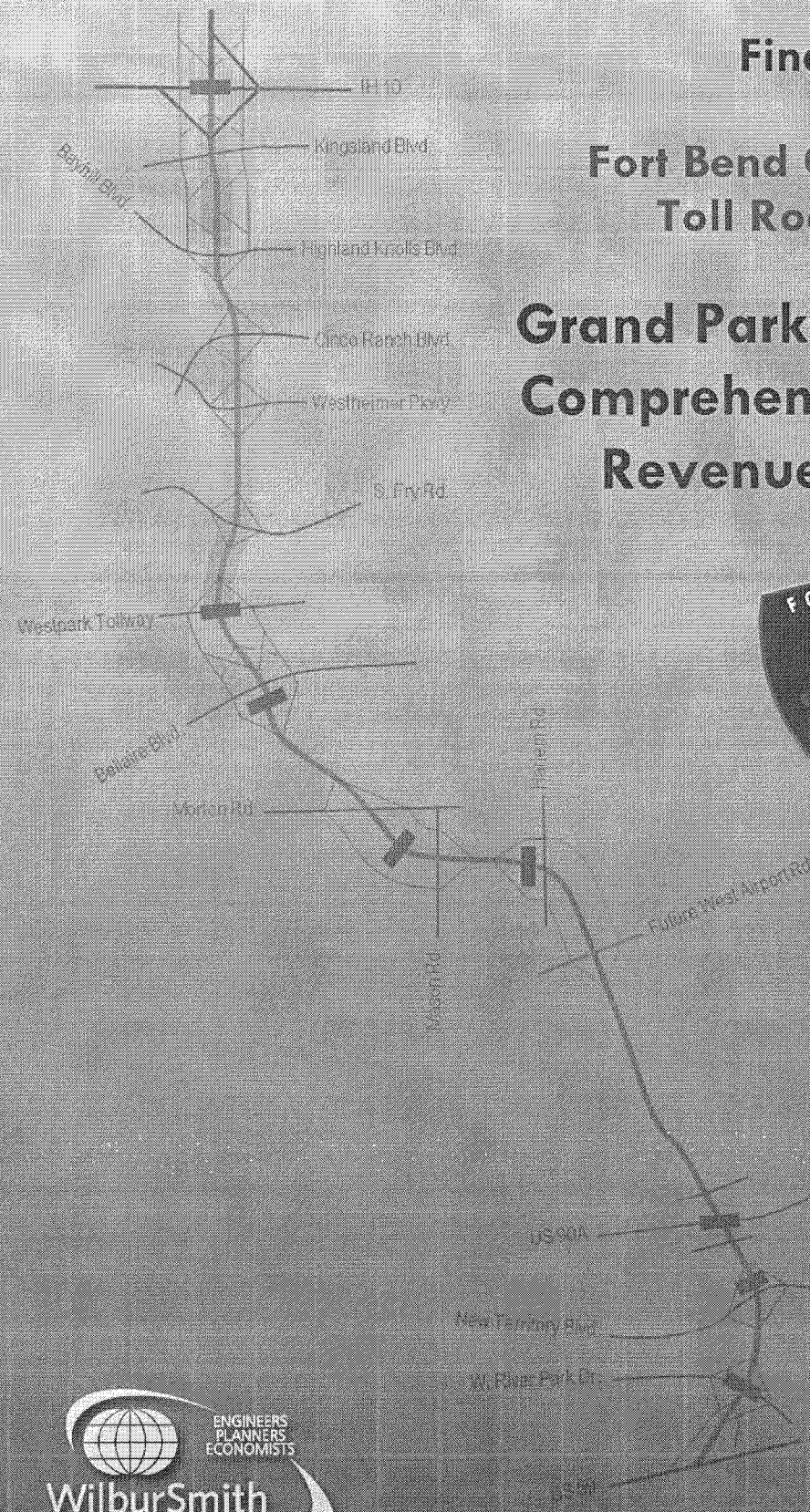
In every case, the forecasts have been received positively. In some cases, the organizations have posted the forecasts on their web sites. No negative comments have been received by CDS

For the purpose of reasonable traffic and revenue projections, and based on this research, CDS Market is satisfied that the forecasts of population and jobs to 2040 represents a reasonable and useful projection of the future of the Houston region.

Final Report

Fort Bend Grand Parkway Toll Road Authority

Grand Parkway Segment D Comprehensive Traffic and Revenue Study 2011



FORT BEND COUNTY
TOLL ROAD AUTHORITY

ENGINEERS
PLANNERS
ECONOMISTS

WilburSmith
ASSOCIATES

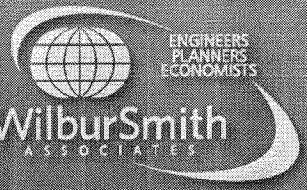
Final Report

Fort Bend Grand Parkway
Toll Road Authority

Grand Parkway Segment D Comprehensive Traffic and Revenue Study 2011



Prepared by



June 2011

TABLE OF CONTENTS

	PAGE NUMBER
Chapter 1 – Introduction	**1-1**
Project Description	1-1
Socio-Economic and Project Needs	1-2
Study Objectives	1-4
Order of Presentation	1-4
Chapter 2 – Data Collection And Existing Conditions	**2-1**
Existing Segment D Traffic Counts	2-1
Daily Traffic Variation	2-3
Hourly Traffic Variation	2-3
Speed and Delay Profile	2-3
Existing Situation, Key Findings	2-8
Chapter 3 – Travel Pattern Sureys	**3-1**
Video License Plate Survey	3-2
Handout Survey	3-5
Pattern of Surveyed Trips	3-8
Chapter 4 – Stated Preference Surveys	**4-1**
Survey Approach	4-1
Survey Administration	4-2
Survey Results	4-3
Demographics	4-3
Trip Characteristics	4-3
Results and Usage	4-4
Chapter 5 – Economic Growth Assessment	**5-1**
Regional Development Trend	5-1
Historical Population Trends	5-1
Historical Employment Trends	5-2
Historical Personal Income Trends	5-3
Trends in Households/Housing Units	5-4
Recent Economic Trends	5-5

TABLE OF CONTENTS (CONT'D)

	PAGE NUMBER
Recent Employment Trends	5-5
Factors Affecting Future Regional Economic Growth	5-5
Economic Geography	5-6
Historic Growth And Projections	5-6
The H-GAC 2040 Regional Growth Forecast	5-7
County Level Population Projections	5-8
Overall Evaluation of H-GAC Forecasts	5-8
Small Area Forecast Method Overview	5-9
Future Transportation Network Assumptions	5-9
Contact With Area Agencies And Organizations	5-9
The RAZ Level Forecasts	5-9
Distributing RAZ-Level Forecast Data To The TAZ And SAZ	5-10
Conclusions	5-10
Chapter 6 – Traffic And Toll Revenue Estimates	**6-1**
Traffic And Revenue Forecasting Process	6-1
The H-GAC Regional Travel Demand Model	6-2
Base Year Model Validation	6-2
Highway Network Development	6-3
Trip Table Adjustments	6-4
Toll Diversion Methodology	6-4
Values-of-Time And Vehicle Operating Costs	6-4
Toll Rates	6-5
Other Basic Assumptions	6-6
Estimated Average Weekday Traffic	6-7
Estimated 2020 Weekday Traffic	6-7
Estimated 2035 Weekday Traffic	6-7
Estimated Annual Transactions and Revenue	6-7
Disclaimer	6-10
Chapter 7 – Alterantive Traffic and Revenue Forecasts and Sensitivity Tests	**7-1**
Alternate Annual T&R Estimates – 'Segment D Only'	7-1
Sensitivity Tests	7-3

TABLE OF CONTENTS (CONT'D)

	PAGE NUMBER
Higher Gas Prices	7-3
Reduced Long-Term Economic Growth	7-3
H-GAC Socio-Economics	7-4
Summary of Sensitivity Results	7-4

Attachment A – Houston Grand Parkway Stated Preference Travel Survey Report

Attachment B – Grand Parkway Economic/Demographic Projections, Segments D through G

ILLUSTRATIONS

FIGURE		FOLLOWS PAGE
1-1	Location Map	1-1
1-2	Grand Parkway Segments	1-2
2-1	Grand Parkway Count Locations	2-1
2-2	Estimated Weekday Traffic Segment D – 2010	2-2
2-3	Day of Week Traffic Variation	2-3
2-4	Hourly Traffic Variations	2-3
2-5	Speed Delay Survey Route Map	2-4
2-6	Observed Speed Profile on SH 99 Southbound	2-7
2-7	Observed Speed Profile on SH 99 Northbound	2-8
3-1	Origin-Destination Survey Locations	3-1
3-2	Video Mailout Survey Form	3-4
3-3	Video Mailout Survey Form	3-4
3-4	Video Mailout Survey Data	3-4
3-5	Video Mailout Survey Data	3-4
3-6	Video Mailout Survey Data	3-4
3-7	Handout Survey Form	3-7
3-8	Handout Survey Data	3-7
3-9	Handout Survey Data	3-7
3-10	Handout Survey Origins and Destinations AM Peak Period	3-8
3-11	Handout Survey Origins and Destinations PM Peak Period	3-9
4-1	Stated Preference Survey Results	4-3
5-1	Houston MSA Long-Term Employment Growth Trends	5-5
5-2	RAZ Zones In The Focus Area	5-10
5-3	Population Growth Per Square Mile 2010 to 2040	5-10
5-4	Job Growth Per Square Mile 2010 to 2040	5-10
6-1	Traffic and Revenue Forecasting Process	6-1
6-2	Toll Rates – Segment D – 2012 Levels	6-5
6-3	Toll Rates – Segments E, F And G – 2012 Levels	6-5
6-4	Estimated Weekday Traffic Segment D – 2020	6-7
6-5	Toll Transactions Market Share Segment D – 2020	6-7
6-6	Estimated Weekday Traffic Segment D – 2035	6-7
6-7	Toll Transactions Market Share Segment D – 2035	6-7

TABULATIONS

TABLE		PAGE
1-1	Example of Existing and Three-Tier ORT Tolls SR 924	1-9
2-1	Grand Parkway Segment D Traffic Count Program 2010	2-2
2-2	Existing Average Speeds	2-5
2-3	Existing Average Midday Speeds	2-7
3-1	Data Elements of Origin-Destination Survey	3-2
3-2	Video Survey Locations and Schedule	3-3
3-3	Video Survey Tabulations	3-5
3-4	Survey Station Locations and Distribution	3-7
4-1	SP Survey Sources	4-3
6-1	Vehicle Operating Cost Rates	6-5
6-2	Grand Parkway Segment D – Annual Transactions and Toll Revenues at Tolled Overpasses Base Case Forecast	6-8
7-1	Grand Parkway Segment D – Annual Transactions and Toll Revenues at Tolled Overpasses Alternative Case – Segment D Only	7-2
7-2	Sensitivity Test Results	7-5

CHAPTER 1 INTRODUCTION

At the request of the Fort Bend Grand Parkway Toll Road Authority (FBGPTRA), Wilbur Smith Associates (WSA) has completed a comprehensive traffic and revenue study (T&R study) of the proposed Grand Parkway Segment D project.

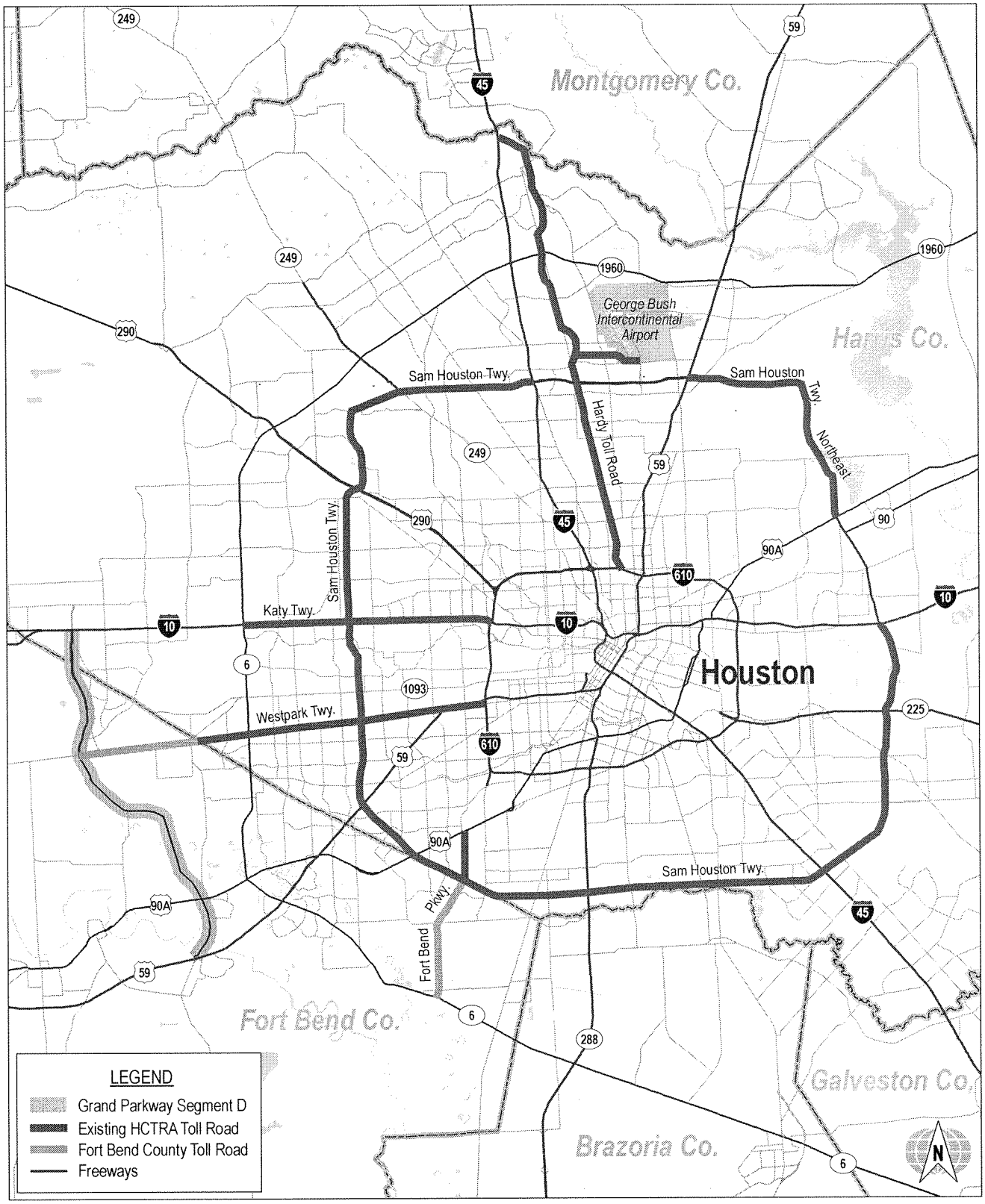
The T&R study was conducted using detailed data collection conducted at numerous locations during the early-fall of 2010, new travel pattern surveys, new market research on willingness to pay tolls, and an update of the socio-economic growth potential of the region by an independent economist. Based on this detailed information, travel demand models and traffic simulation models were refined to assess the T&R potential of the project. WSA has also examined the sensitivity of T&R to changes in key assumptions of future variables. This report documents the Segment D Comprehensive T&R Study conducted at a level of detail sufficient for use in support of project financing.

In addition, as part of a joint effort with another agency, WSA is conducting a T&R study of the near term construction of Grand Parkway Segments E, F, and G, immediately to the north of Segment D. Although this other study is subject to a longer schedule and is ongoing, it has been possible to share and incorporate developing assumptions and information relating to these other complementary Grand Parkway project segments.

PROJECT DESCRIPTION

A location map is provided in Figure 1-1 showing the location of the existing alignment of Segment D in Fort Bend County, located west of Houston, spanning 18.5 miles between IH 10 and US 59. This first phase opened on August 31, 1994.

Currently, Segment D is constructed as SH 99, a four-lane divided state highway, except between Oyster Creek and Owens Road where a four-lane undivided highway exists. The southern portion of Segment D, between Westpark Tollway and US 59(S), has an initial configuration consisting of seven interchanges built at-grade with local cross streets; traffic signals are vehicle-actuated causing delays to through-traffic. North of



WilburSmith ASSOCIATES

LOCATION MAP

FIGURE 1-1

Westpark Tollway mainline overpasses have already been built on SH 99 at all interchanges. This northern section has already seen significant growth and development which we estimate carried up to approximately 85,000 vehicles per weekday in 2010. This northern section, being existing toll-free infrastructure, will remain untolled in the future and it is assumed, apart from any necessary expansions, will retain its current configuration.

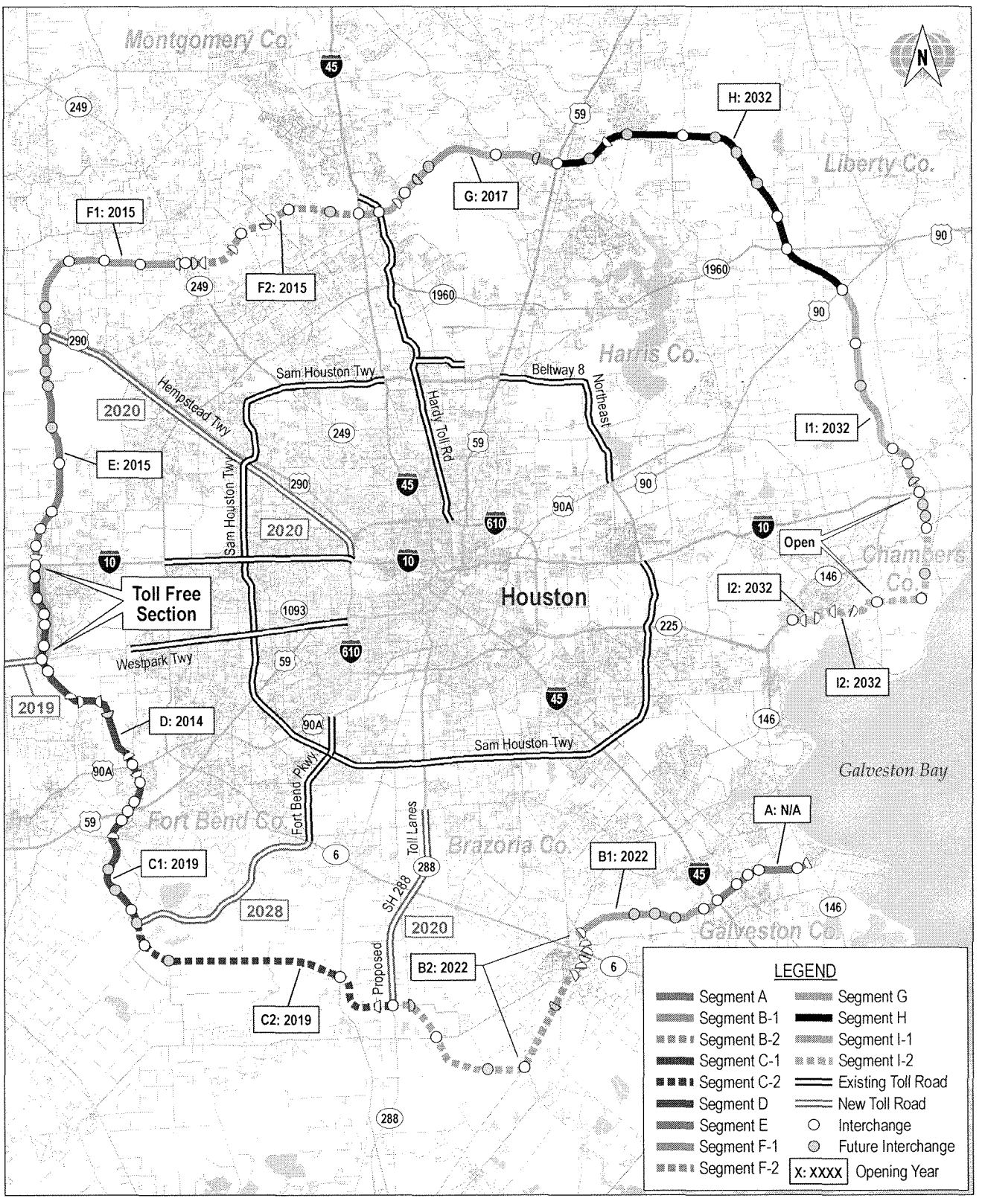
The next phase of Segment D construction will significantly improve journey times south of Westpark Tollway by adding seven new electronically tolled (ETC) mainline overpasses to provide toll-paying customers a new opportunity to bypass the at-grade signalized interchanges. Tolling locations will be situated on the overpasses such that traffic, if desired, can maintain toll-free travel on the existing infrastructure but be subject to queuing and delay at the traffic signals. Consistent with Fort Bend County's desire for ease of collection and for free-flow tolling, Segment D will be an ETC-only toll facility.

Therefore, Segment D will be completed as a four-lane divided highway with tolled overpasses. The engineering design accommodates future expansion to six-lanes as needed. The project is also envisioned as a *parkway* with a minimum of frontage roads although developers could be permitted to build a limited frontage road system to accommodate increases in local traffic.

Figure 1-2 shows the conceptual plan of the entire Grand Parkway as currently proposed. The proposed entire SH 99, Grand Parkway, is planned to be Houston's third circumferential highway approximately 180 miles around the Metropolitan Area. The roadway begins at IH-45 in Galveston and proceeds west, north, east, and south around the City. The highway is divided into nine segments. Several segments are subdivided into two sub-segments for purposes of prior analysis. The entire facility goes through Galveston, Brazoria, Fort Bend, Harris, Montgomery, Liberty, and Chambers Counties.

SOCIO-ECONOMIC AND PROJECT NEEDS

The 8-county region surrounding Houston has seen significant population growth over a sustained period. The region added almost 1 million people between 1970 and 1980 and although the rate of growth was substantially reduced by a major economic recession and restructuring which followed in the mid-1980's, the greater Houston region emerged as a much more diverse economy and strong growth resumed in the 1990s and through the beginning years of the 21st century. Today, almost 4.0 million people live in Harris County, and over 5.6 million in the total eight-county region.



WilburSmith ASSOCIATES

GRAND PARKWAY SEGMENTS

FIGURE 1-2

Recently, the most rapidly growing counties have been Montgomery and Fort Bend, averaging about 6 percent per year in growth. Both of these counties, which had populations in the range of about 50,000 residents in 1970 have grown nine to tenfold.

This growth has resulted in ever-increasing traffic demands and the need for more and more road and highway improvement projects. Some of these projects have been identified for implementation by TxDOT, including a possible extension of the IH 10 Katy Tollway Managed Lanes to the west, an extension of the existing SH 249 Freeway in the northwestern part of the region, a new toll facility along the SH 35 corridor between Hobby Airport and Alvin and possible future managed toll lanes along IH 45 between downtown Houston and Montgomery County. This latter project would provide additional competing capacity to Hardy Toll Road, but is not yet funded or committed.

The Houston region has become a toll road success story; Harris County and more recently Fort Bend County have very successfully been able to use toll road financing in construction of new highway capacity to significantly enhance regional mobility. A review of the historic performance of these toll facilities illustrates the widespread acceptance of toll roads by the local population, high ownership of toll transponders and rapid growth that each facility has brought to the corridors that the toll facilities serve. Almost all of the facilities have experienced a doubling of full first-year traffic within about five years and quadrupling within about ten years. This significant ramp-up of toll-paying traffic is driven by the socio-economic growth outside the Sam Houston Beltway and a greater understanding of the benefits that the toll facilities provide customers.

Most recently, the growth to the west of the Metropolitan Area has been accommodated by the Westpark Tollway and Katy Tollway. The Westpark Tollway is on a capacity constrained corridor and reached capacity in peak hours within a few years of opening. The Katy Tollway managed lanes are a part of the upgraded Katy Freeway system that has provided significant additional toll and toll-free capacity to the Katy corridor resulting in a tremendous growth in development which has been visible over the past three years. The demand for the managed lanes, particularly outside the Beltway, has exceeded all expectations.

Fort Bend County Toll Road Authority (FBCTRA) built and financed the Fort Bend Parkway and the Westpark Tollway Extension. It is considering further extensions of its existing facilities. Several other potential toll roads are at various planning stages in Fort Bend County including Grand Parkway Segment D and part of Segment C. The Grand Parkway is an important facility for the County and region's mobility and development.

STUDY OBJECTIVES

The objective of the study is to develop long-range revenue forecasts through 2055 for Fort Bend's Grand Parkway Segment D. The updated forecasts reflect the latest socio-economic growth assumptions, the latest planned highway improvements for the region including other Grand Parkway segments, and updated assumptions about future toll levels and other key variables.

ORDER OF PRESENTATION

The following sections will present the methodologies and results of this comprehensive T&R study including the extensive data collection program that included traffic counts, speed and delay studies, traffic profiles of existing conditions, origin-destination surveys, stated preference and market research efforts, an independent socio-economic analysis, an updating of the computerized travel demand model, estimation of local Values of Time (VOT), a review of toll collection operations and the traffic and revenue forecasts, themselves.

In addition to the base case forecast, which assumes a full build-out of the entire Grand Parkway, an alternative case 'Segment D Only' is presented. This assumes Segment D will be constructed alone without the impact of the other adjacent segments of the Grand Parkway. Although this is considered a very unlikely scenario it does illustrate the toll feasibility of Segment D as a standalone project.

This is followed up with several sensitivity analyses that identify the impacts of changes in various key assumptions, specifically a range of socio-economic growth and higher gasoline price assumptions. To add to the sensitivity tests on economic growth a scenario using the current but outdated H-GAC (MPO) socio-economic forecasts is presented to assess the impact of the updated base case growth assumptions provided by the independent economist for this study.

CHAPTER 2

DATA COLLECTION AND EXISTING CONDITIONS

In order to understand current traffic conditions and traffic profiles on the existing Grand Parkway Segment D and the roadway system in the surrounding area, extensive data collection efforts were undertaken. A series of data collection exercises were conducted in late August and early September 2010 in the Segment D corridor including collection of traffic count data on the existing Segment D and 'speed and delay' studies.

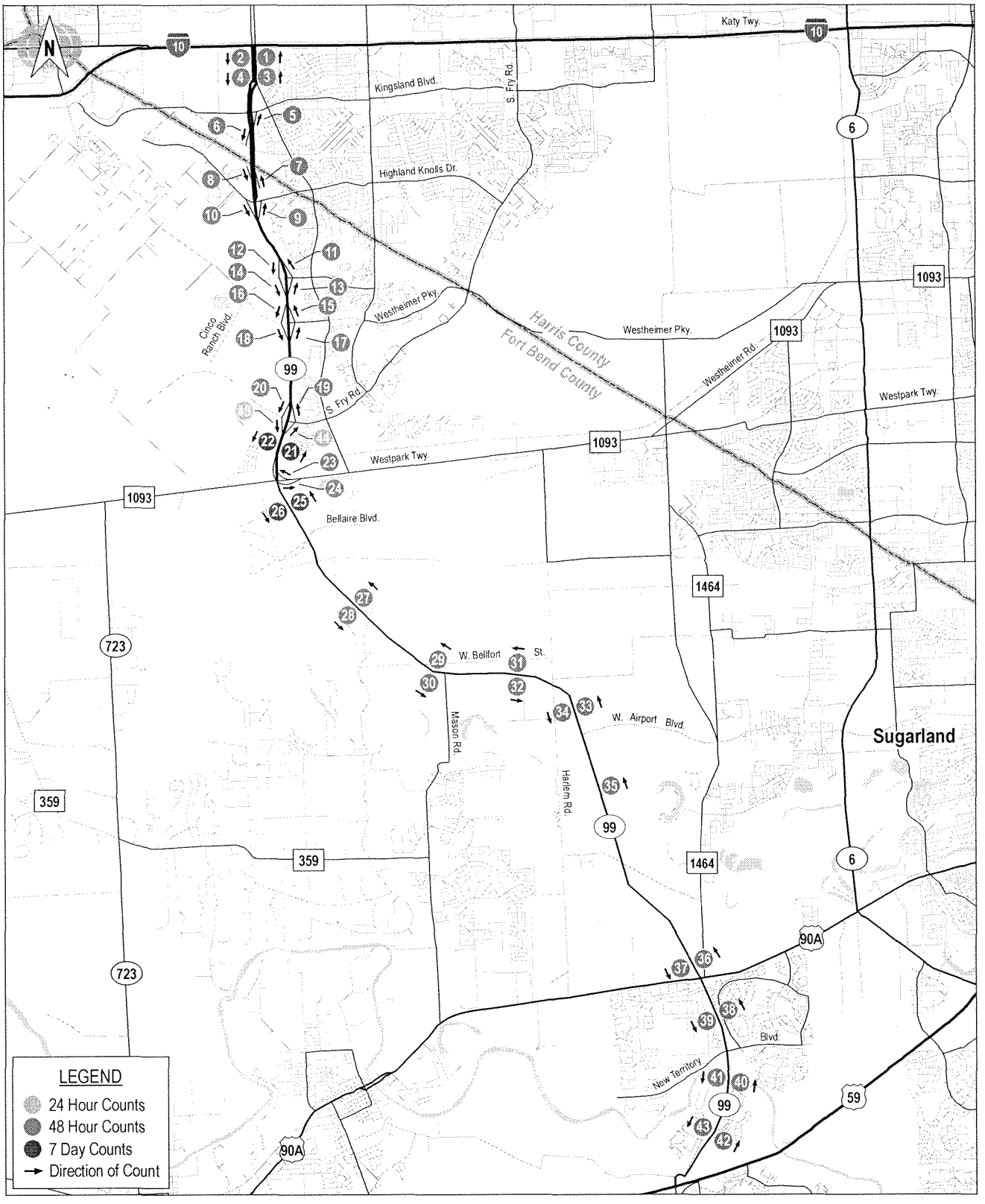
A series of 48-hour traffic counts were conducted in order to obtain a complete traffic profile for existing Segment D. The count data was reviewed and analyzed for use in the model calibration process explained in detail in following sections of this report.

A large amount of speed and delay data was collected for the model calibration process. This data was collected during several time periods throughout different periods of the day. This chapter of the report explains the data collection activities and presents the results of the data collection.

EXISTING SEGMENT D TRAFFIC COUNTS

In order to obtain current traffic profiles on the existing Segment D, automatic traffic counts were conducted on all mainline sections and entry/exit ramps on the existing 18.5 miles of the Segment D corridor. Figure 2-1 shows these locations on a map of the study area. Details of the traffic count locations are shown in Table 2-1.

The traffic counts were conducted by a subcontractor, CJ Hensch, a traffic data collection company, for the weekdays of August 31 and September 1, 2010, i.e. Tuesday and Wednesday. At two Segment D mainline locations, a full week's count program was conducted to observe daily variation of traffic. At 20 count locations, an average weekday traffic volume was obtained from a 48-hour count. At ramps to/from South Fry Road, an additional 24-hour count was conducted to verify on/off movements.



WilburSmith ASSOCIATES

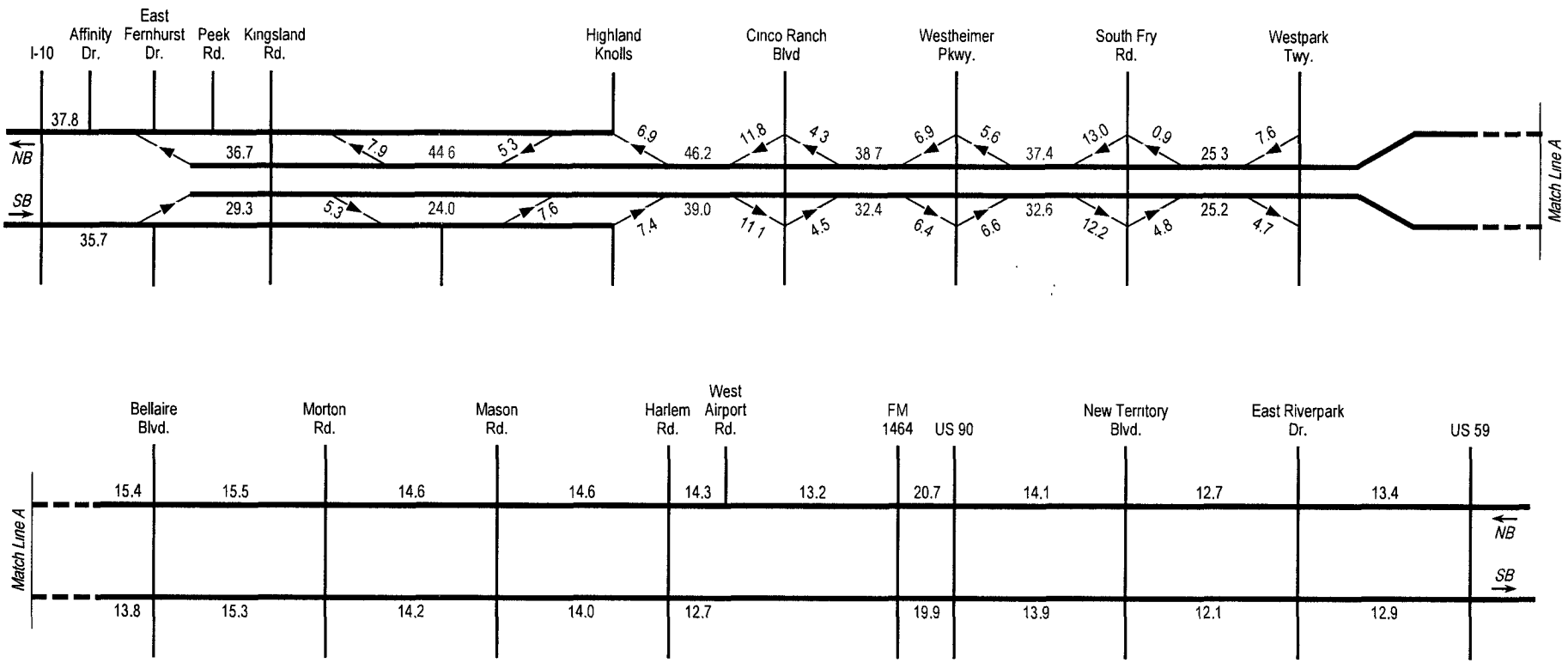
GRAND PARKWAY COUNT LOCATIONS

FIGURE 2-1

Table 2-1
Grand Parkway Segment D Traffic Count Program 2010

Loc.	Name	Description	Dir	Count Date (Period)	Count Type
1	SH 99	b/w Affinity Dr & IH-10	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
2	SH 99	b/w Affinity Dr & IH-10	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
3	SH 99 mainlane	b/w Fernhurst Dr & Kingsland Blvd	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
4	SH 99 mainlane	b/w Fernhurst Dr & Kingsland Blvd	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
5	Off-ramp	SH 99 to Kingsland Blvd	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
6	Off-ramp	SH 99 to Katy Fort Bend Rd	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
7	On-ramp	Highland Knolls to SH 99	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
8	On-ramp	Katy Fort Bend Rd to SH 99	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
9	Off-ramp	SH 99 to Highland Knolls	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
10	On-ramp	Bay Hill Blvd to SH 99	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
11	On-ramp	Cinco Ranch Blvd to SH 99	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
12	Off-ramp	SH 99 to Cinco Ranch Blvd	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
13	Off-ramp	SH 99 to Cinco Ranch Blvd	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
14	On-ramp	Cinco Ranch Blvd to SH 99	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
15	On-ramp	Westheimer Pkwy to SH 99	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
16	Off-ramp	SH 99 to Westheimer Pkwy	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
17	Off-ramp	SH 99 to Westheimer Pkwy	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
18	On-ramp	Westheimer Pkwy to SH 99	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
19	On-ramp	S Fry Rd to SH 99	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
20	Off-ramp	SH 99 to S Fry Rd	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
21	SH 99 mainlane	b/w FM 1093 & S Fry Rd	NB	Fri-Thu 8/27/10-9/02/10 (7 day)	Tube volume count
22	SH 99 mainlane	b/w FM 1093 & S Fry Rd	SB	Fri-Thu 8/27/10-9/02/10 (7 day)	Tube volume count
23	On-ramp	FM 1093 to SH 99	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
24	Off-ramp	SH 99 to Westpark Tollway	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
25	SH 99	b/w Bellaire Blvd & FM 1093	NB	Fri-Thu 8/27/10-9/02/10 (7 day)	Tube volume count
26	SH 99	b/w Bellaire Blvd & FM 1093	SB	Fri-Thu 8/27/10-9/02/10 (7 day)	Tube volume count
27	SH 99	b/w Morton Rd & Bellaire Blvd	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
28	SH 99	b/w Morton Rd & Bellaire Blvd	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
29	SH 99	b/w Mason Rd & Morton Rd	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
30	SH 99	b/w Mason Rd & Morton Rd	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
31	SH 99	b/w Harlem Rd & Mason Rd	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
32	SH 99	b/w Harlem Rd & Mason Rd	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
33	SH 99	b/w W Airport Blvd & Harlem Rd	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
34	SH 99	b/w FM 1464 Rd & Harlem Rd	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
35	SH 99	b/w FM 1464 & W Airport Blvd	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
36	SH 99	b/w US 90A & FM 1464	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
37	SH 99	b/w US 90A & FM 1464	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
38	SH 99	b/w New Territory Blvd & US 90A	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
39	SH 99	b/w New Territory Blvd & US 90A	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
40	SH 99	b/w E Riverpark Dr & New Territory Blvd	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
41	SH 99	b/w W Riverpark Dr & New Territory Blvd	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
42	SH 99	b/w US 59 & E Riverpark Dr	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
43	SH 99	b/w US 59 & E Riverpark Dr	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
44	Off-ramp	SH 99 to S Fry Rd	NB	Thu 10/21/10 (24 hour)	Tube volume count
45	On-ramp	S Fry Rd to SH 99	SB	Thu 10/21/10 (24 hour)	Tube volume count

The collected traffic count data was reviewed and analyzed for use in the model calibration process. Figure 2-2 presents a schematic summarizing the estimated 2010 weekday traffic profile for existing Segment D, showing daily traffic estimates, in thousands, on each link.



LEGEND

00.0 Traffic Count Volume

00.0 Computed Traffic Volume

Note: Traffic volumes are in thousands.

Source: WSA traffic count program fall of 2010.

ESTIMATED WEEKDAY TRAFFIC SEGMENT D - 2010

FIGURE 2-2

DAILY TRAFFIC VARIATION

As mentioned above, during the count program conducted by CJ Hensch, on existing Segment D, during the end of August through early September 2010, two locations on existing Segment D were identified just north and south of Westpark Tollway to capture 7-day traffic counts. This was done for the week beginning from August 27 (Friday), 2010 through September 3 (Thursday), 2010.

Figure 2-3 shows the daily traffic variation for the week for the two locations. It can be seen, from Figure 2-3, that traffic during the three middle weekdays was slightly above the average daily traffic of the week. Maximum traffic was observed on the Friday, with Sunday being the minimum traffic activity day. Traffic volume on Saturday was very close to the average daily traffic.

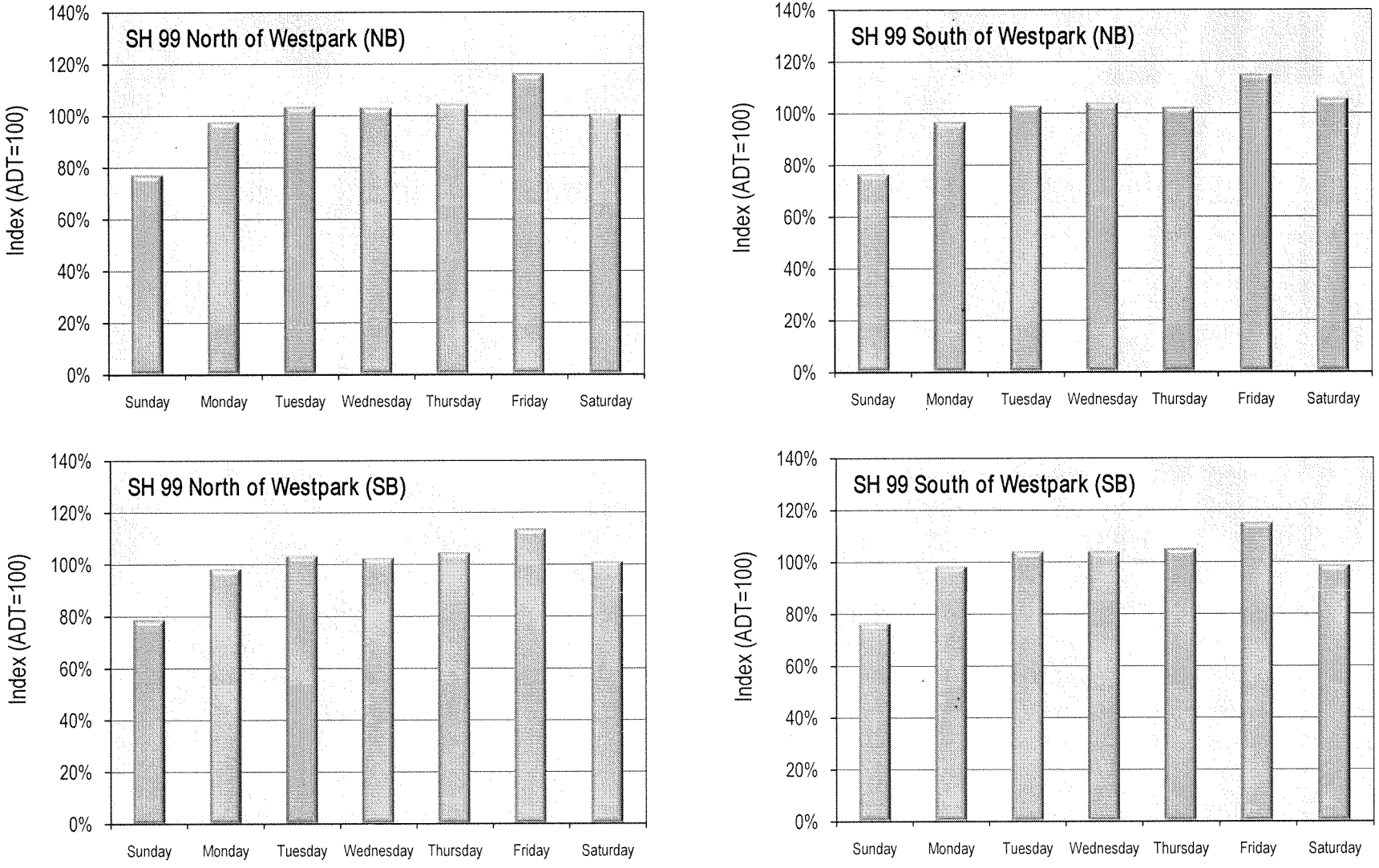
Monday was just below the average daily traffic with 97 percent of the average daily traffic volume. Traffic volume on Tuesday, Wednesday and Thursday was above the average daily traffic in the range of 102 to 105 percent. Friday had the maximum traffic activity, carrying almost 115 percent of the average daily traffic for the week. Traffic volume on Saturday was very close to the average daily traffic on the north side of the Westpark Tollway, however the count location on the south side showed an index of 105 percent in the northbound direction and 98 percent in the southbound direction for Saturday.

HOURLY TRAFFIC VARIATION

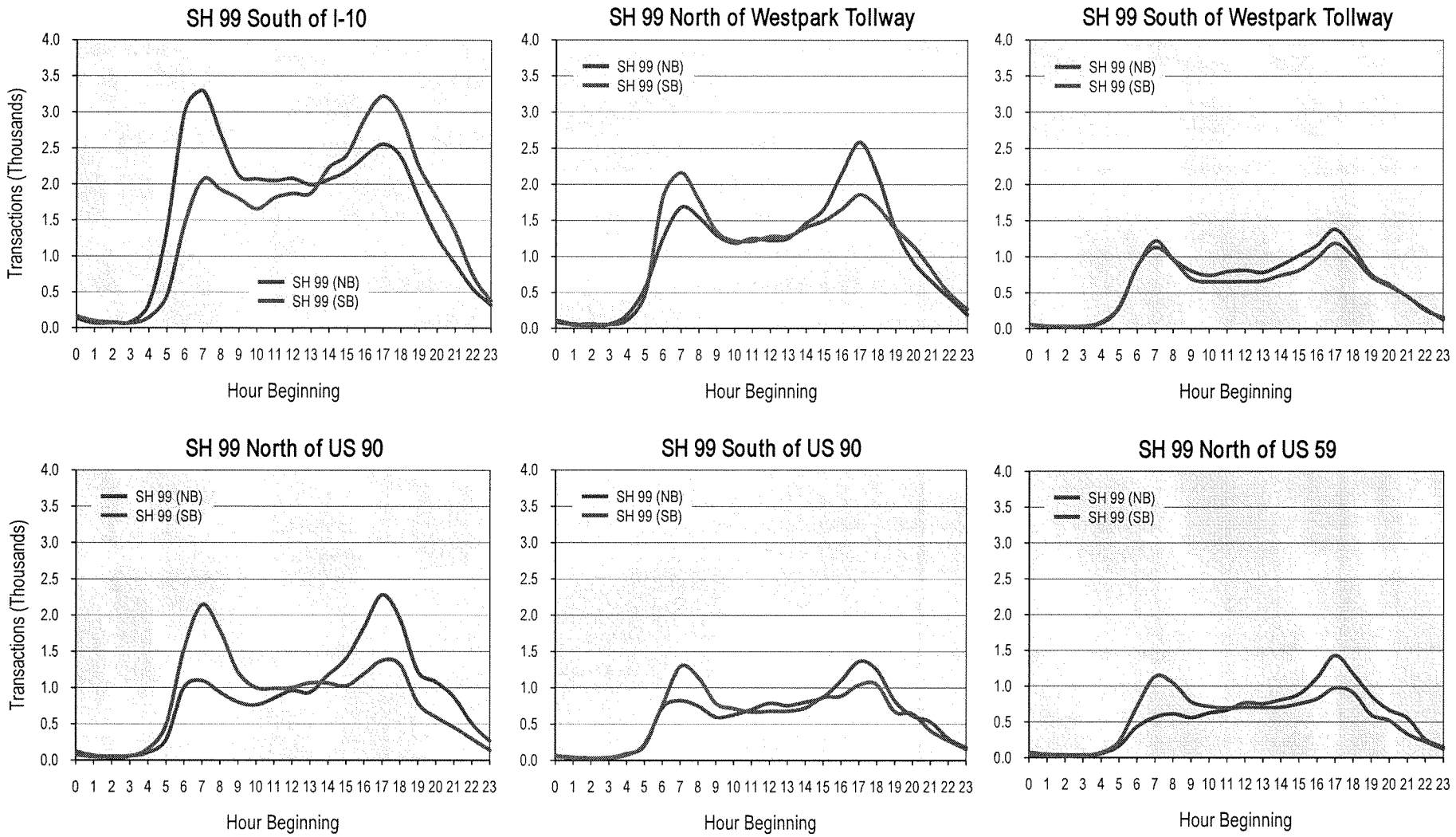
Figure 2-4 presents a graphical summary of hourly traffic counts observed at several sections of Segment D, during the count program. The figure presents hourly volume profiles on the mainline of Grand Parkway Segment D, at the major intersections of I.H. 10, Westpark Tollway, U.S. 90A and U.S. 59. Typically the northbound afternoon peak hour was higher than the southbound morning peak hour at all locations except at the north end of Segment D before its intersection with IH-10. At that location, the northbound morning peak hour was higher than the southbound morning peak hour, while the southbound afternoon peak hour was higher than the northbound afternoon peak hour, but still slightly lower than the northbound morning peak hour.

SPEED AND DELAY PROFILE

In order to understand the nature of traffic operations on the corridor and the surrounding highway network, speed and delay studies were conducted. This is a critical input for model calibration and validation.



Source: WSA traffic count program fall of 2010.



Source: WSA traffic count program fall of 2010.

WilburSmith ASSOCIATES

HOURLY TRAFFIC VARIATIONS

FIGURE 2-4

WSA collected a large amount of speed data for the existing portion of Grand Parkway Segment D and complementary/competing routes. Information was collected by traveling on the routes under consideration during AM peak (6:30 AM – 8:30 AM) and shoulder hours (8:30 AM – 9:30 AM), Midday (11:00 AM – 2:00 PM) and PM peak (4:30 PM – 6:30 PM) and shoulder periods (3:30 PM – 4:30 PM). GPS units were used to record data continuously during each trip. Since the exact location and time of each vehicle were known for each datum, the travel speeds and delays were known along each route. Speed and delay data was collected during the period of September 14, 2010 (Tuesday) through September 16, 2010 (Thursday).

The studies covered the following key routes in addition to the existing portion of Grand Parkway Segment D. Figure 2-5 shows a map that highlights the routes covered in the speed and delay studies.

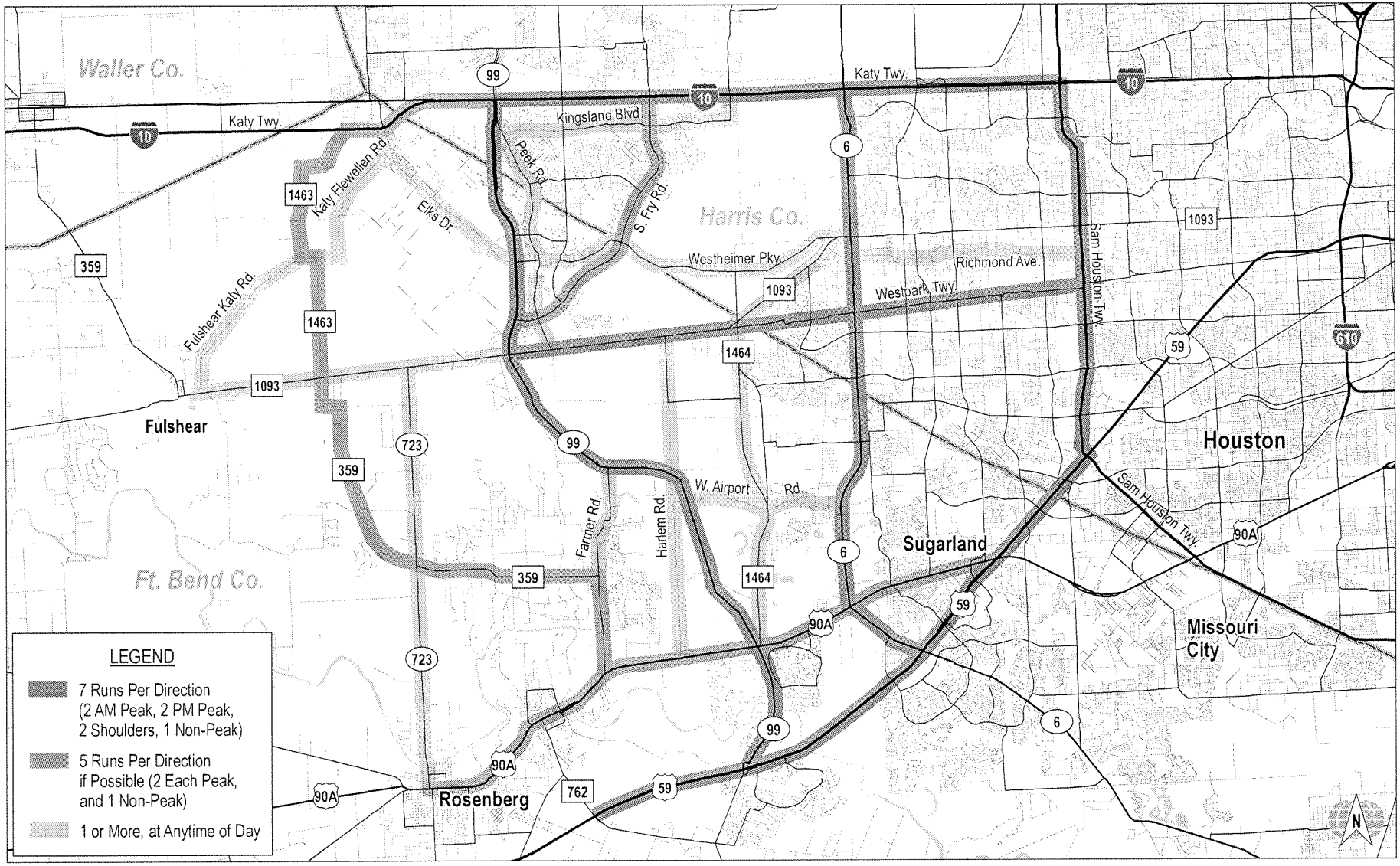
- I.H. 10 between Sam Houston Tollway and west of Grand Parkway;
- Westpark Tollway between Sam Houston Tollway and the town of Fulshear;
- US 90A between US 59 and the city of Rosenberg;
- US 59 between Sam Houston Tollway and FM 762 south of the city of Rosenberg;
- Sam Houston Tollway between IH-10 and US 59;
- SH 6 between IH-10 and US 59;
- South Fry Road between IH-10 and the Grand Parkway; and
- FM 1463 / FM 359 between IH-10 and US 90A.

In parallel to the speed and delay studies, route reconnaissance was conducted to inventory key attributes on the Grand Parkway and major competing/complimentary routes, including number of lanes and posted speeds.

Speed delay runs were made on exactly 100 roadway segments. On sixty-two of these roadway segments, runs were done during the morning and afternoon peak periods as well as during the mid day period. For six of the sixty-two, runs were also done during the morning and afternoon shoulder periods. Table 2-2 shows the locations, directions and average speeds of these runs.

There were three segments with morning peak hour average speeds of less than 20 miles per hour. These were IH-10, eastbound, between the Sam Houston Tollway and State Highway 6; IH-10, eastbound, between State Highway 6 and South Fry Road; and State Highway 6, northbound, between West Park Tollway and IH-10. Also in the morning peak period, there were five segments with average speeds of less than 30 miles per hour. These included segments on US 90A (1), Grand Parkway (1), South Fry Road (2), and West Park Tollway (1).

Q:\104590.FBGPTRA.GP.SegD\Graphics\Arcview\Speed & Delay Survey Routes.mxd\12-7-10



WilburSmith ASSOCIATES

SPEED DELAY SURVEY ROUTE MAP

FIGURE 2-5

Table 2-2
Existing Average Speeds

				Average Speed (MPH)				
Route	From	To	Direction	AM Peak	AM Shoulder	Midday	PM Shoulder	PM Peak
IH-10	Sam Houston Twy	State Hwy 6	EB	16.8	36.8	57.2	55.6	53.7
IH-10	Sam Houston Twy	State Hwy 6	WB	58.6	60.7	61.3	59.0	32.1
IH-10	State Hwy 6	South Fry Road	EB	14.4	67.7	66.4	67.6	68.3
IH-10	State Hwy 6	South Fry Road	WB	65.3	68.8	65.5	64.0	50.8
IH-10	South Fry Road	State Hwy 99	EB	40.1	73.9	65.9	65.6	66.9
IH-10	South Fry Road	State Hwy 99	WB	68 1	68.9	66.3	68.4	63.4
US 59	Sam Houston Twy	US 90A	NB	35.8		50.4		65 0
US 59	Sam Houston Twy	US 90A	SB	70.7		68.2		60.1
US 59	US 90A	State Hwy 6	NB	46.1		68.6		67.1
US 59	US 90A	State Hwy 6	SB	72.2		68.5		66.1
US 59	State Hwy 6	State Hwy 99	NB	68.7		71.6		69.7
US 59	State Hwy 6	State Hwy 99	SB	71.4		69 1		68.8
US 59	State Hwy 99	FM 762	NB	65.2		68.5		67.0
US 59	State Hwy 99	FM 762	SB	66.3		64.7		59.0
US 90A	Sam Houston Twy	US 90A	EB	36.5		40.3		28.7
US 90A	Sam Houston Twy	US 90A	WB	34 7		30 5		27.7
US 90A	US 90A	State Hwy 6	EB	37.2		47.7		35.1
US 90A	US 90A	State Hwy 6	WB	43.7		38.9		30.4
US 90A	State Hwy 6	State Hwy 99	EB	27.6		47.1		43.6
US 90A	State Hwy 6	State Hwy 99	WB	36.5		43.1		47.9
US 90A	State Hwy 99	FM 762	EB	40.8		50.8		48.4
US 90A	State Hwy 99	FM 762	WB	33 5		38 3		40.9
State Hwy 99	IH-10	Westpark Twy	NB	62.5		63.1		61.5
State Hwy 99	IH-10	Westpark Twy	SB	61.1		62 8		63.3
State Hwy 99	Westpark Twy	Morton Road	NB	44.8		52.3		45.7
State Hwy 99	Westpark Twy	Morton Road	SB	45.3		49.2		47.7
State Hwy 99	Morton Road	Harlem Road	NB	44.7		49.6		38.9
State Hwy 99	Morton Road	Harlem Road	SB	23 3		42.4		41.1
State Hwy 99	Harlem Road	US 90A	NB	61.8		51.0		49.0
State Hwy 99	Harlem Road	US 90A	SB	43.3		52 9		52.4
State Hwy 99	US 90A	US 59	NB	32.3		37.7		34.3
State Hwy 99	US 90A	US 59	SB	35.8		29.7		31.7
Sam Houston Twy	IH-10	Westpark Twy	NB	65.5		70.5		54.4
Sam Houston Twy	IH-10	Westpark Twy	SB	66.7		65.9		64.7
Sam Houston Twy	Westpark Twy	US 59	NB	69.5		71.6		66.9
Sam Houston Twy	Westpark Twy	US 59	SB	67.1		63.1		32.8
State Hwy 6	US 59	US 90	NB	47.5		45.9		39.4
State Hwy 6	US 59	US 90	SB	33.7		29.9		29.9
State Hwy 6	US 90	Westpark Twy	NB	38.9		50.4		35.2
State Hwy 6	US 90	Westpark Twy	SB	44.7		46 8		35.2
State Hwy 6	Westpark Twy	IH-10	NB	16.3		43.0		30.6
State Hwy 6	Westpark Twy	IH-10	SB	38.3		45.3		29 2
FM 359	US 90A	Farmer Road	NB	36.9		34.6		18.1
FM 359	US 90A	Farmer Road	SB	37.5		33.4		27.8
FM 359	Farmer Road	FM 723	NB	41.1		45.2		46.2
FM 359	Farmer Road	FM 723	SB	40.2		47.9		44.4
FM 359	FM 723	FM 1093	NB	48.4		56 7		52 3
FM 359	FM 723	FM 1093	SB	53.0		49.6		52.7
IH-10 & FM 1643	State Hwy 99	FM 1463	NB	59.5		54.9		64.3
IH-10 & FM 1643	State Hwy 99	FM 1463	SB	48.9		58.2		59.9
IH-10 & FM 1643	IH-10	Fulshear Katy	NB	46 3		42 0		48 0
IH-10 & FM 1643	IH-10	Fulshear Katy	SB	48.5		52.4		49.8
IH-10 & FM 1643	Fulshear Katy	FM 1093	NB	54.9		61.6		55 8
IH-10 & FM 1643	Fulshear Katy	FM 1093	SB	50.9		56.3		53.3
South Fry Road	State Hwy 99	Westheimer Pkwy	NB	28.5		30.8		32.0
South Fry Road	State Hwy 99	Westheimer Pkwy	SB	32.0		28.1		26.4
South Fry Road	Westheimer Pkwy	IH-10	NB	20 7		24.9		24.1
South Fry Road	Westheimer Pkwy	IH-10	SB	30.1		31.5		23.0
Westpark Twy	Sam Houston Twy	State Hwy 6	EB	25.4		65.7		68.4
Westpark Twy	Sam Houston Twy	State Hwy 6	WB	64.5		69.7		59.5
Westpark Twy	State Hwy 6	State Hwy 99	EB	34.8		70.5		71.9
Westpark Twy	State Hwy 6	State Hwy 99	WB	64.9		69.9		70 2

During the afternoon peak period, there was one segment with an average speed less than 20 miles per hour. This was on FM 359, northbound, between US 90A and Farmer Road. Segments under 30 miles per hour numbered eight and included segments on US 90A (2), State Highway 6 (2), FM 359 (1), and South Fry Road (3).

Midday average speeds were, in general, higher than the peak period speeds. There were no average speeds under 20 miles per hour recorded in the survey during this time. There were four segments with average speeds less than 30 miles per hour. These included segments on Grand Parkway (1), State Highway 6 (1), and South Fry Road (2).

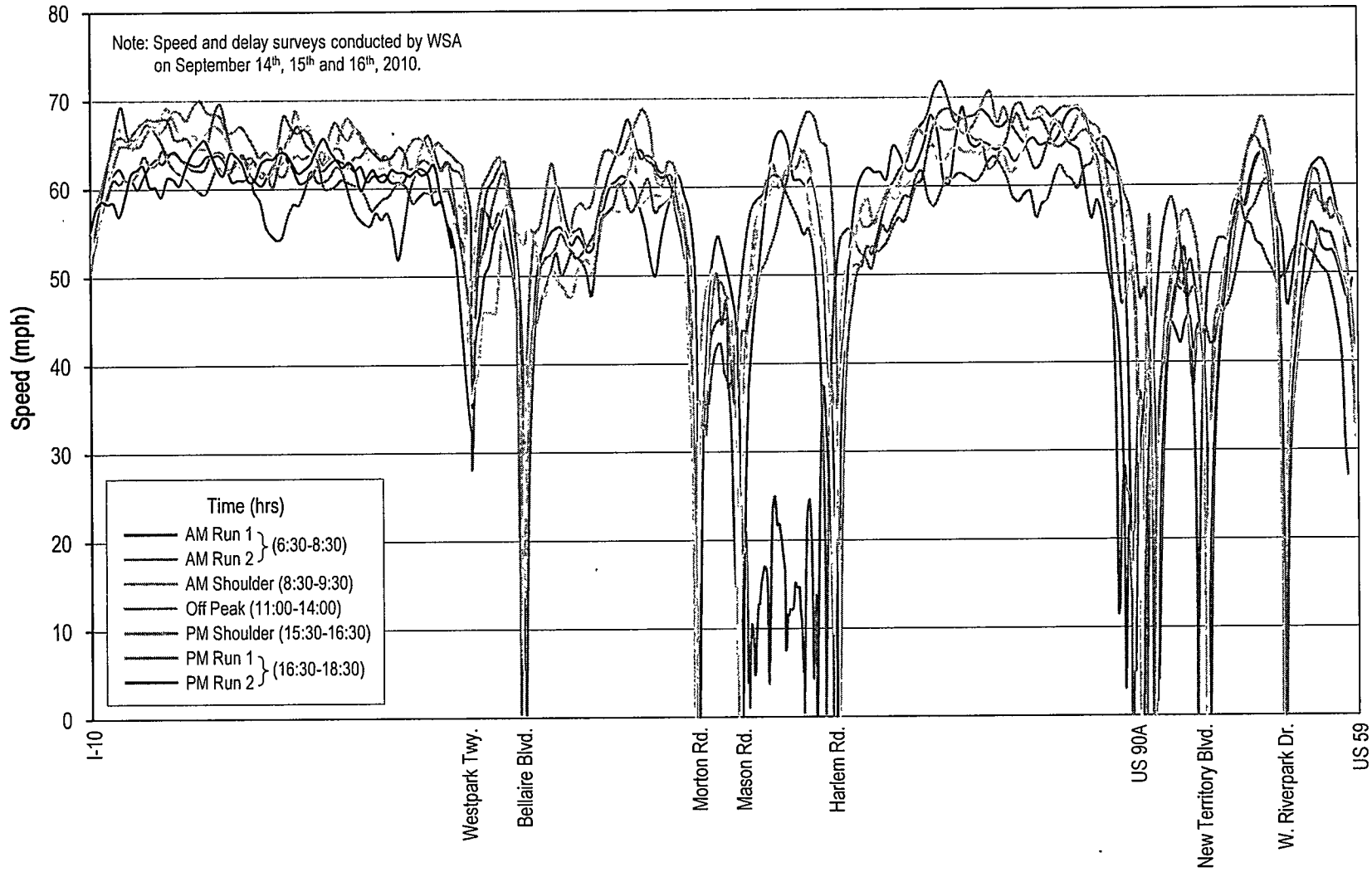
Average speeds on the six segments that were run during the morning and afternoon shoulder periods were, with one exception, all over 55 miles per hour. Five of the six morning shoulder runs had average speeds of over 60 miles per hour. Four of six had average speeds of over 60 miles per hour in the afternoon shoulder hours.

Of the 38 segments where only midday speed and delay runs were made (Table 2-3), there were none with average speeds less than 20 miles per hour and eight with average speeds less than 30 miles per hour, including segments on Kingsland Boulevard (3), Peek Road (1), Richmond Avenue (1), West Airport (2), and Westheimer Parkway (1).

Figure 2-6 is the Speed Profile for Grand Parkway (SH 99), southbound, from IH-10 to US 59. Speeds were generally in the 60-70 mile-per-hour band until the approach to West Park Tollway. Close to West Park speeds drop to the mid and low 30 miles per hour for the morning, afternoon and off peak periods. Between West Park and Bellaire Boulevard, speeds increase the low 60's for both peaks and then fall again as they approach Bellaire Boulevard. At Bellaire, there is stop-and-go conditions during both AM and PM peaks and the off peak falls below 20 miles per hour.

Speeds increase to between 50 and 70 mile per hour between Bellaire and Morton Road, where there is another slowdown to stop-and-go during both AM and PM peaks. The off peak traffic slows to about 32 miles per hour at this point.

Between Morton Road and Mason Road traffic speeds increase to the 40-50 mile-per-hour band before slowing again near Mason Road. AM peak and shoulder traffic slows to stop-and-go at Mason Road and the PM shoulder traffic drops to about 5 miles per hour. PM peak and off peak traffic only slow down to 35-37 miles per hour at Mason Road.



WilburSmith ASSOCIATES

OBSERVED SPEED PROFILE ON SH 99 SOUTHBOUND

FIGURE 2-6

Table 2-3
Existing Average Midday Speeds

Route	From	To	Direction	Average Speed (MPH) Midday
FM 1093	State Hwy 6	Westpark Twy	WB	35.7
FM 1464	State Hwy 99	West Airport	NB	36.6
FM 1464	State Hwy 99	West Airport	SB	41.2
FM 1464	West Airport	FM 1093	NB	37.5
FM 1464	West Airport	FM 1093	SB	43.0
Farmer/Mason Rd	FM 359	Skinner Lane	NB	47.2
Farmer/Mason Rd	Skinner Lane	State Hwy 99	NB	32.0
Katy Flewellen	IH-10	FM 359	NB	32.8
Katy Flewellen	IH-10	FM 359	SB	32.7
Fulshear Katy	FM 1463	FM 1093	NB	32.2
Fulshear Katy	FM 1463	FM 1093	SB	30.3
Harlem Road	US 90A	State Hwy 99	NB	35.7
Harlem Road	US 90A	State Hwy 99	SB	40.7
Harlem Road	State Hwy 99	FM 1093	NB	40.5
Harlem Road	State Hwy 99	FM 1093	SB	34.8
Kingsland Blvd	State Hwy 99	South Mason Rd	EB	28.9
Kingsland Blvd	State Hwy 99	South Mason Rd	WB	33.4
Kingsland Blvd	South Mason Rd	South Fry Road	EB	28.8
Kingsland Blvd	South Mason Rd	South Fry Road	WB	21.4
Kingsland Blvd	South Fry Road	IH-10	EB	34.6
Kingsland Blvd	South Fry Road	IH-10	WB	33.9
Peek Road	IH-10	Franz Road	NB	37.8
Peek Road	IH-10	Franz Road	SB	48.2
Peek Road	Westheimer Pkwy	State Hwy 99	NB	27.7
Peek Road	Westheimer Pkwy	State Hwy 99	SB	33.9
Peek Road	Westpark Twy	Westheimer Pkwy	NB	32.9
Peek Road	Westpark Twy	Westheimer Pkwy	SB	33.9
Richmond Ave	State Hwy 6	Sam Houston Twy	EB	20.7
W. Airport	State Hwy 6	FM 1464	EB	24.6
W. Airport	State Hwy 6	FM 1464	WB	22.5
W. Airport	FM 1464	State Hwy 99	EB	39.5
W. Airport	FM 1464	State Hwy 99	WB	35.2
Westheimer Pkwy	State Hwy 99	South Fry Road	EB	23.3
Westheimer Pkwy	South Fry Road	Barker Cypress	EB	48.7
Westpark Twy	State Hwy 99	FM 1464/FM 359	EB	49.3
Westpark Twy	State Hwy 99	FM 1464/FM 359	WB	40.4
Westpark Twy	FM 1464/FM 359	Fulshear Katy	EB	44.9
Westpark Twy	FM 1464/FM 359	Fulshear Katy	WB	37.5

Between Mason Road and Harlem Road, AM peak traffic from Run 1 does get above 25 miles per hour. At all other time periods, traffic quickly increases to speeds over 60 miles per hour before dropping again as it nears Harlem Road. It's stop-and-go until passing Harlem Road where speeds quickly jump to the 50-60 mile-per-hour band and gradually increase into the 60-70 mile-per-hour zone. Speeds remain high until the approach to US 90A where they fall into the 0-10 mile-per-hour range. AM, PM, and off peak traffic falls all the way into stop-and-go conditions. Speeds again pick up into the 40-50 mile-per-hour band until New Territory Boulevard. Traffic in the AM peak, PM shoulder, and off peak are stopped. During the other time periods, vehicles go by New Territory Blvd in the 40-50 mile-per-hour band. Speeds then increase to over 60 miles per hour to West Riverpark Drive. At that point, in the afternoon peak, stoppages occur, while the other vehicles operate in the 50-60 mile-per-hour range and higher until the approach to US 59.

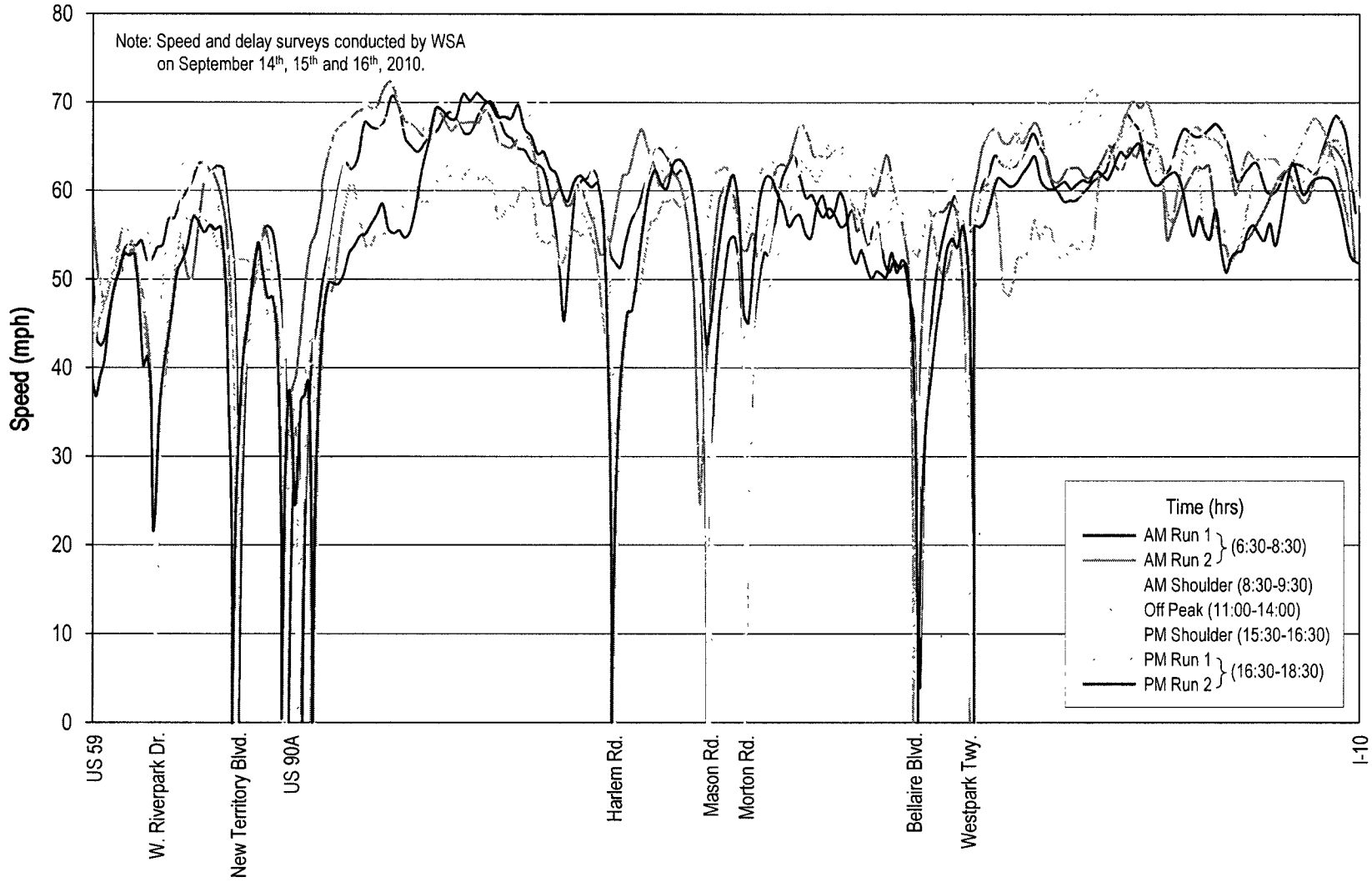
Traffic signals at the major intersections of State Highway 99 cause speed reductions and stoppages along the roadway. Recovery to highway speeds occurs relatively quickly, except for one instance for the short distance between Mason Road and Harlem Road in the AM peak when speeds did not increase any higher than 25 miles per hour.

Figure 2-7 shows the speed profile on Grand Parkway (SH 99), northbound, from US 59 to IH-10. Similar to the southbound profile, traffic seems to move in the 50-70 mile-per-hour range between intersections. In the northbound direction there are less stoppages in the morning and off peak periods. Stoppages due to the traffic signals are more frequent during the afternoon peak period. There are stoppages during both AM and PM peaks at the intersections of New Territory Boulevard, US 90A and Bellaire Boulevard.

EXISTING SITUATION, KEY FINDINGS

A number of key conclusions can be drawn from the existing traffic profile and speed-delay data:

- There are large traffic volumes on Segment D north of Westpark Tollway consistent with the more significant growth of residential and retail developments facilitated by free-flow mainline overpasses;
- Traffic is significantly lower south of Westpark where development growth has not yet occurred and signalized interchanges are restricting mobility compared to its potential; and
- A significant probability of delay occurs at the seven signalized interchanges south of Westpark Tollway. The probability and duration of delay at traffic signals will deteriorate as local traffic increases.



WilburSmith ASSOCIATES

OBSERVED SPEED PROFILE ON SH 99 NORTHBOUND

FIGURE 2-7

CHAPTER 3

TRAVEL PATTERN SURVEYS

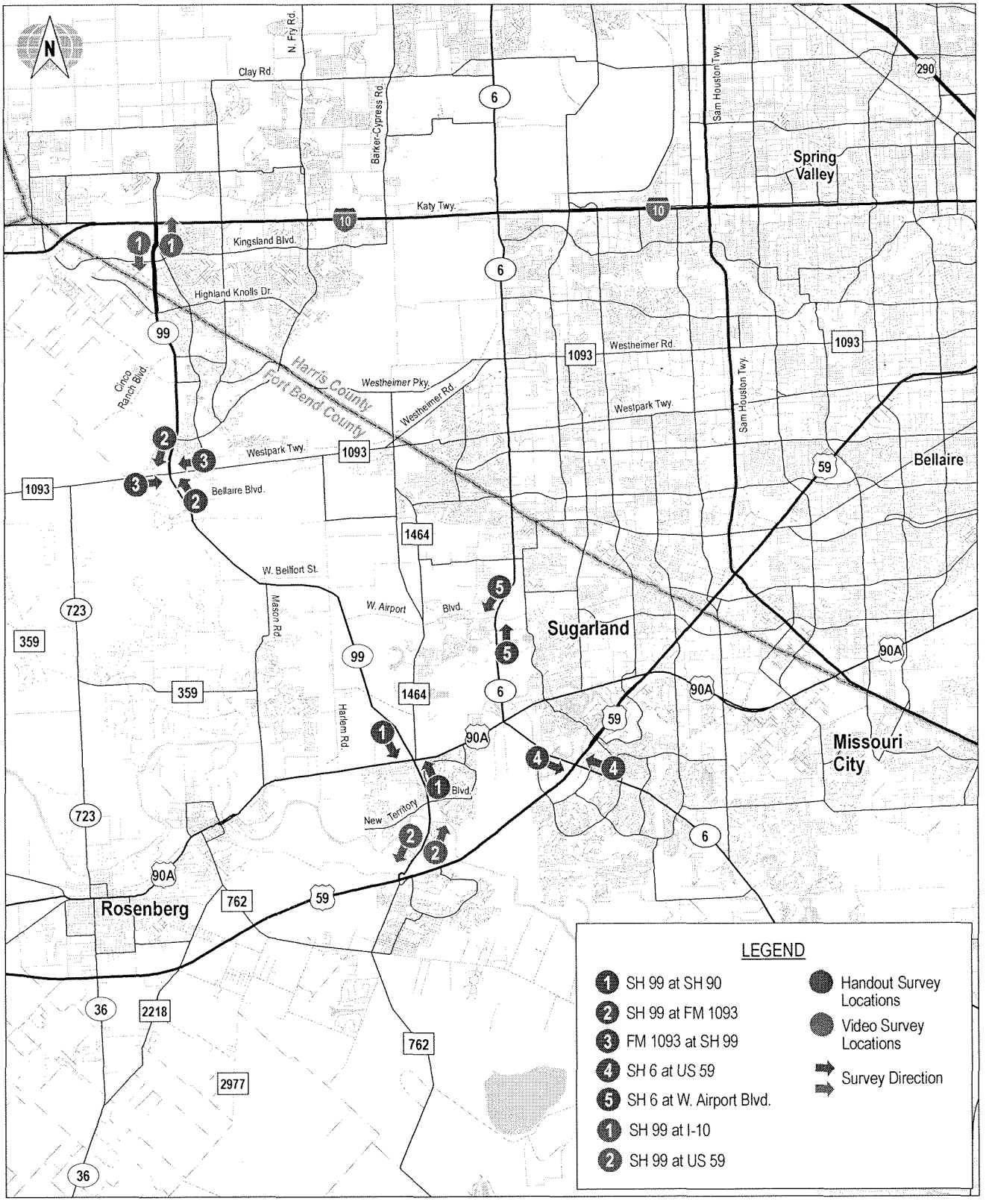
In order to understand the travel patterns and characteristics of motorists in the west Houston region, origin and destination (O-D) surveys of the facility's patrons were conducted. The origin-destination surveys were completed in late August 2010 using a combination of handout/mailback surveys and video license plate surveys of the motorists on existing Segment D. These surveys were also accompanied by a traffic counting program at each survey sites, to be used for factoring survey samples, so that the data could be used as input into the modeling future travel demand.

Several locations were identified on the existing Segment D corridor and its vicinity to capture license plates using video cameras and to hand out survey cards to drivers. Figure 3-1 is a map of the survey area showing where the video captures took place, where the mailback handouts were given out, and where automatic traffic volume counts were recorded.

Handout/mailback respondents were requested to report a trip made on the day they received the survey card. However, video respondents were asked about a "recent" trip rather than the one representing the day that the vehicle was seen. For this survey, three additional questions were asked. Information was gathered on the time period during which the trip was made, the direction that the vehicle was traveling while using the Grand Parkway for the reported trip, and the weekday their described trip was made.

As mentioned above, a series of questions were asked in the origin-destination survey relating to trip characteristics of the commuters. Table 3-1 lists the data elements of the origin-destination surveys, along with the purpose(s) for collecting each data element.

The origin-destination surveys were designed to provide detailed information on important characteristics of the drivers, in addition to their origins and destinations. These characteristics included information relating to residence, trip purpose, time of trip, trip frequency, vehicle occupancy, and usage of EZ Tag. The question on having an EZ TAG was aimed to grasp the existing sample of potential users of the proposed Grand parkway facility, since it will be operated as an ETC-Only facility, without toll plazas,



WilburSmith ASSOCIATES

ORIGIN-DESTINATION SURVEY LOCATIONS

FIGURE 3-1

toll booths or toll collectors. Respondents were also asked to provide their email address, if they wished to participate in a follow-up survey. This follow-up survey was a stated preference survey, designed to obtain further information from drivers about their attitudes concerning tolls and toll roads. The stated preference survey is presented in the following chapter.

Table 3-1
Data Elements of Origin-Destination Survey

Data Element	Purpose of collection
Origin Address	Shows where the trip began
Destination Address	Shows where the trip terminated
Time period*	Shows when the trip was made
Direction*	Shows the direction of travel on Grand Parkway
Day of trip*	Shows the weekday on which the trip was made
Trip Purpose	Provides the reason for the trip
Days Per Week Trip is Made	Provides trip frequency
Vehicle Type	Indicates passenger car or commercial vehicle
Number of People in the Vehicle	Collect data on carpooling
Ownership of an EZ TAG	Sample of potential users of the proposed corridor
Zip of Residence	Rough location of local users
Email Address	For follow-up survey on stated preferences (optional)

*questions specific to the mailback survey form

VIDEO LICENSE PLATE SURVEY

Video surveys were conducted at two locations along Grand Parkway between IH-10 and US 59. One location, at the northern end of the segment was north of Affinity Drive. The other location, at the southern end of the segment was between River Falls Drive and Riverpark Drive. Video cameras were mounted on both tripods and telescoping masts. There was one camera facing southbound vehicles and one camera facing northbound vehicles, at each of the two locations. Forty-eight hours automatic recording tube counts were done in conjunction with the license plate video, to obtain data to be used in expanding the 12-hour video sample. The video recording of license plates was done on August 24th and 25th, 2010.

Table 3-2 shows the distribution of the license plate survey. During the 12 hours of video recording, over 44,000 license plates were captured. These were processed and duplicate plates were removed leaving 25,853 plates. With the cooperation of Harris County Toll Road Authority these were reviewed and then forwarded to a local printer, Questmark. After these reviews, there were approximately 21,000 identified license plates with registered names and addresses. Mailback survey cards were then sent to all of the registered owners identified. After a period of five weeks, 1,450 forms had been returned.

Table 3-2
Video Survey Locations and Schedule

Location No.	Route/Site	Location	Survey Direction	Survey Type	Survey Dates	Average 2-Day 24hr Traffic Traffic Count	Average 2-Day Traffic Counts Survey Hours	Video Captured	Video w/ Duplicates Removed	Video Filtered HCTRA	Video Filtered Questmark	Cards Returned	Valid Cards Used
1	SH 99	at I-10	NB	Video	8/24 & 8/25	35,320	25,865	15,264	4,230	N/A	N/A	N/A	543
2	SH 99	at I-10	SB	Video	8/24 & 8/25	37,198	26,783	16,542	12,237	N/A	N/A	N/A	296
3	SH 99	at US 59	NB	Video	8/24 & 8/25	11,971	8,554	7,737	5,728	N/A	N/A	N/A	112
4	SH 99	at US 59	SB	Video	8/24 & 8/25	11,462	8,637	4,895	3,658	N/A	N/A	N/A	113
				Totals		95,951	69,839	44,438	25,853	22,654	21,000	1,450	1,064

Note: Average counts include Trucks

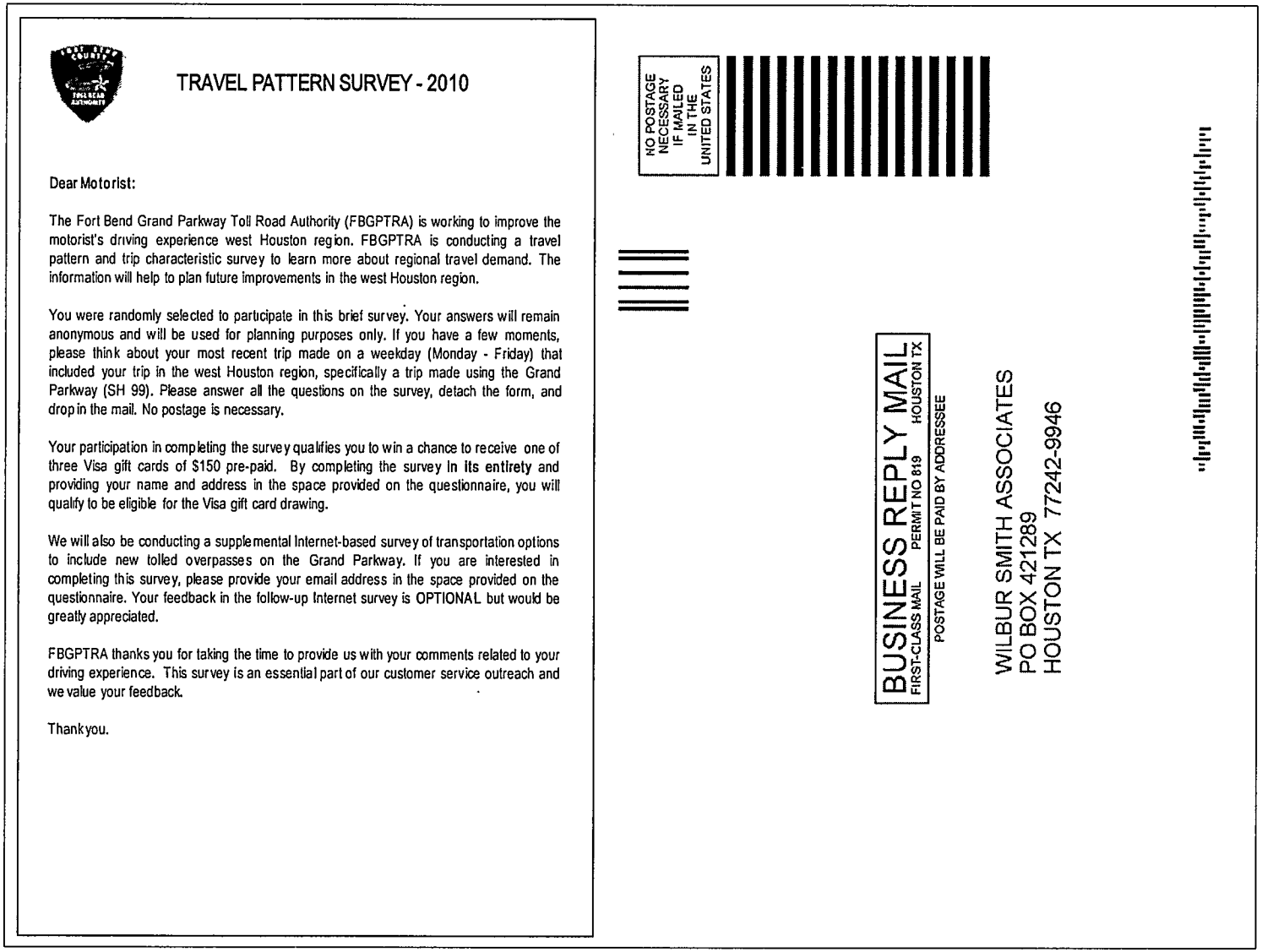
Figure 3-2 is a copy of the instruction/address side of the mailback survey card. Figure 3-3 is the side with the survey questions. Respondents were asked to think about a trip they recently made on Grand Parkway. They were asked the time, day of the week and direction of the trip. The address or location of the beginning and end of the trip was requested. Also asked was the purpose of the trip, the type of vehicle, the number of people in the vehicle during the trip, and how often the particular trip was made. The respondents were asked if they had an EZ Tag. As an incentive to fill our and return the survey card, if the name and address was filled in the appropriate box, they would be entered into a drawing for a $150 prize. If a respondent wanted to participate in a further survey, they could fill in their e-mail address and they would receive a link to a more comprehensive on-line survey.

Of the 1,450 cards returned, 1,064 or 73 percent, were fully usable. Some were not 100 percent completed, others contained contradictory information or information that was not relevant to this survey. The data from the usable mailback surveys were summarized and shown on Table 3-3.

Virtually all the reported trips were from autos (99.3 percent). Commercial vehicles were less than one percent. There was a relatively large EZ Tag penetration with 87.6 percent reporting that they had tags or access to tags. Vehicle Type and EZ Tag penetration are shown on Figure 3-4.

Figure 3-5 shows the Trip Frequency, Trip Purpose and Vehicle Occupancy from the Video Mailout Survey. The majority of trips were presumably commuters since 54.2 percent said that they made their trip four or more times per week. Another 14.3 percent indicated they made the trip 2 to 3 times per week and 8 percent said once a week. Only 23.4 percent made the trip one to three times per month or less. The reported trip purpose for the majority of the respondents (51 percent) was "to or from Work". Fifteen percent said their trip was for Personal Business and a little over 9 percent indicated that they had been Shopping. The remaining 24 percent was divided among Company Business (8.7 percent), Social Event/Visit (7.0 percent), Recreation (5.2 percent), and to or from School (3.6 percent). Average vehicle occupancy was calculated at 1.45 persons per vehicle. Over 68 percent of the trips on the returned surveys were driver-only trips. A little over 22 percent had one passenger. Vehicles carrying three or more persons were less than 10 percent of the total.

As shown on Figure 3-6, most of the trips reported took place on either Monday (26.9 percent) or Friday (28.2 percent. Tuesday trips were 14.8 percent, Wednesday was 13.0 percent, and Thursday, 17.2 percent. Most of the trips were during the morning peak period (46.7 percent). The Midday was next with 27.8 percent, followed by the afternoon peak at 22.4 percent. Night trips were only 3.1 percent. Most of the trips were in the northbound direction (60.5 percent).



TRAVEL PATTERN SURVEY - 2010

Dear Motorist:

The Fort Bend Grand Parkway Toll Road Authority (FBGPTRA) is working to improve the motorist's driving experience west Houston region. FBGPTRA is conducting a travel pattern and trip characteristic survey to learn more about regional travel demand. The information will help to plan future improvements in the west Houston region.

You were randomly selected to participate in this brief survey. Your answers will remain anonymous and will be used for planning purposes only. If you have a few moments, please think about your most recent trip made on a weekday (Monday - Friday) that included your trip in the west Houston region, specifically a trip made using the Grand Parkway (SH 99). Please answer all the questions on the survey, detach the form, and drop in the mail. No postage is necessary.

Your participation in completing the survey qualifies you to win a chance to receive one of three Visa gift cards of $150 pre-paid. By completing the survey in its entirety and providing your name and address in the space provided on the questionnaire, you will qualify to be eligible for the Visa gift card drawing.

We will also be conducting a supplemental Internet-based survey of transportation options to include new tolled overpasses on the Grand Parkway. If you are interested in completing this survey, please provide your email address in the space provided on the questionnaire. Your feedback in the follow-up Internet survey is OPTIONAL but would be greatly appreciated.

FBGPTRA thanks you for taking the time to provide us with your comments related to your driving experience. This survey is an essential part of our customer service outreach and we value your feedback.

Thank you.

NO POSTAGE NECESSARY IF MAILED IN THE UNITED STATES

BUSINESS REPLY MAIL
FIRST-CLASS MAIL PERMIT NO 819 HOUSTON TX
POSTAGE WILL BE PAID BY ADDRESSEE

WILBUR SMITH ASSOCIATES
PO BOX 421289
HOUSTON TX 77242-9946

Dear Motorist:
When responding to this survey, please think about the **most recent one-way** trip you made on a weekday (Monday through Friday) that included your trip in the west Houston region using the Grand Parkway (SH 99).

A. Please indicate the **time period** in which you began this one-way trip. (Circle one)
1. 6:00 am to 9:00 am 2. 9:00 am to 3:00 pm 3. 3:00 pm to 7:00 pm 4. 7:00 pm to 6:00 am

B. What was your **direction** of travel on the Grand Parkway? (Circle one) 1. Northbound 2. Southbound

C. Please indicate the **day** this one-way trip was made. (Circle one)
1. Monday 2. Tuesday 3. Wednesday 4. Thursday 5. Friday

D. Where did you **begin** this weekday trip (in the direction indicated in Question B)? Please be as specific as possible. If you do not know the street address, please identify the nearest intersection, shopping area, subdivision, etc.

_____
Street Address, nearest intersection or location

_____
City or town State Zip Code (if known)

E. Where did this weekday trip **end** (in the same direction as Question D)? Please be as specific as possible. If you do not know the street address, please identify the nearest intersection, shopping area, subdivision, etc.
Response should be different to Question D. Please do not describe a round trip such as home to work and then home. Please describe the trip only in the direction you were going when you received this card.

_____
Street Address, nearest intersection or location

_____
City or town State Zip Code (if known)

F. What is the zip code of your primary **residence**? _____

G. Please indicate the **main purpose** of your one-way trip. (Circle one)
1. To or from work 3. School 5. Recreation 7. Other personal business
2. Company business 4. Shopping 6. Social event and/or visit

H. Please identify the **type of vehicle** you were driving. (Circle one)
1. 2-axle, 4-tire Passenger Car, SUV or Pickup Truck 2. 2-axle, 6-tire Truck 3. 3-axle Truck 4. 4-axle Truck 5. Truck with 5 or More Axles 6. Motorcycle

I. Do you, or others in your immediate household, currently have an EZ TAG or other electronic tag useable in Texas? (Circle one) 1. Yes 2. No

J. How many **people**, including yourself and any children, were in your vehicle? (Circle one)
1 2 3 4 5 6 or more

K. How **often** do you make this one-way trip? (Circle one)
1. 4 or more times per week 3. Once per week 5. Less than once per month but more than twice per year
2. 2 or 3 times per week 4. 1 to 3 times per month

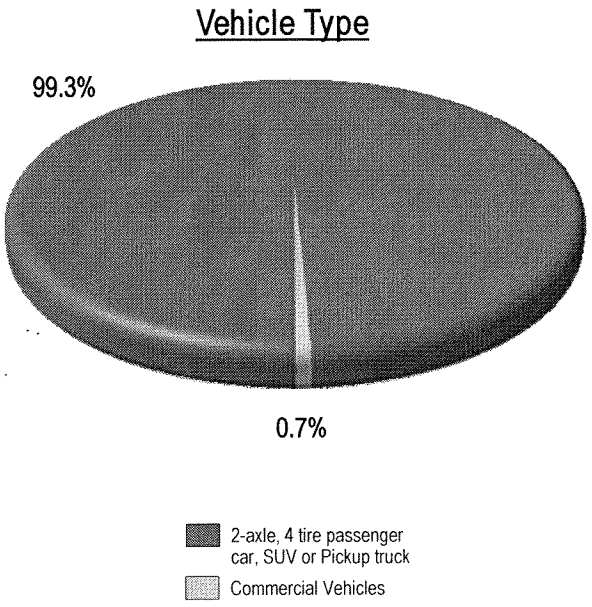
L. By completing the survey in its entirety and providing your **name and address** in the space provided below, early respondents qualify to participate in a $150 pre-paid Visa gift card drawing. (OPTIONAL)

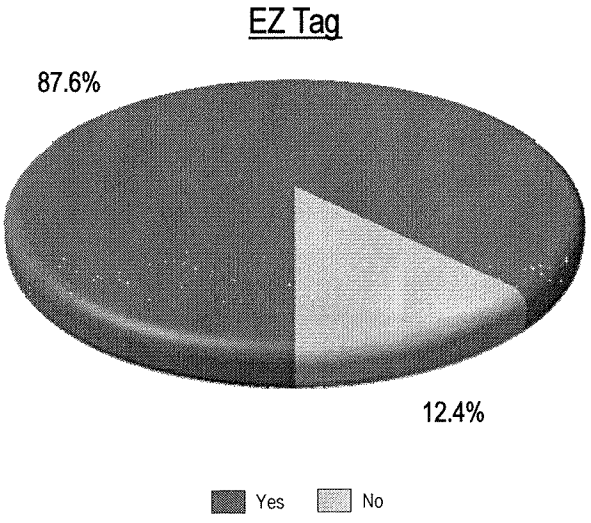
_____
_____

M. If you would like to participate in the supplemental follow-up Internet survey, please supply your **email** address.
Email Address (OPTIONAL) _____

VIDEO MAILOUT SURVEY FORM

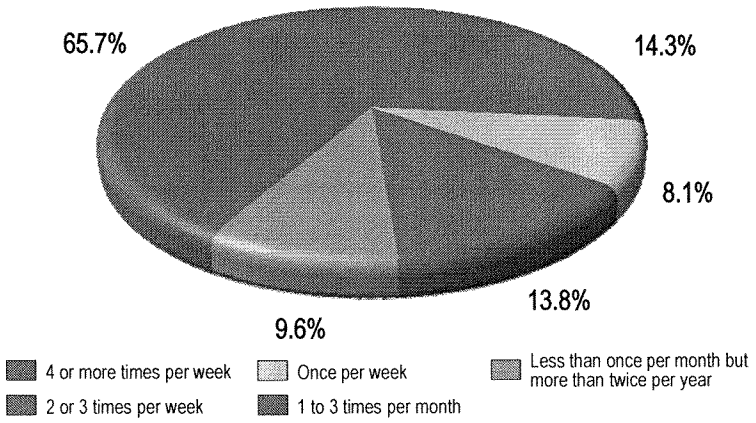
FIGURE 3-3



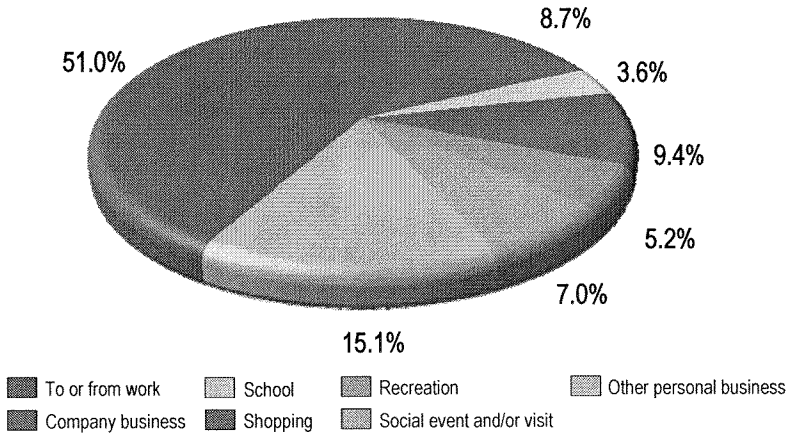


Note: Data summaries produced from a total of 1,383 valid handout survey returns.

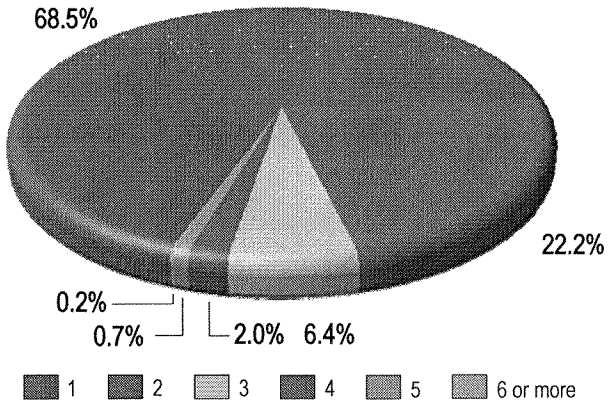
Trip Frequency



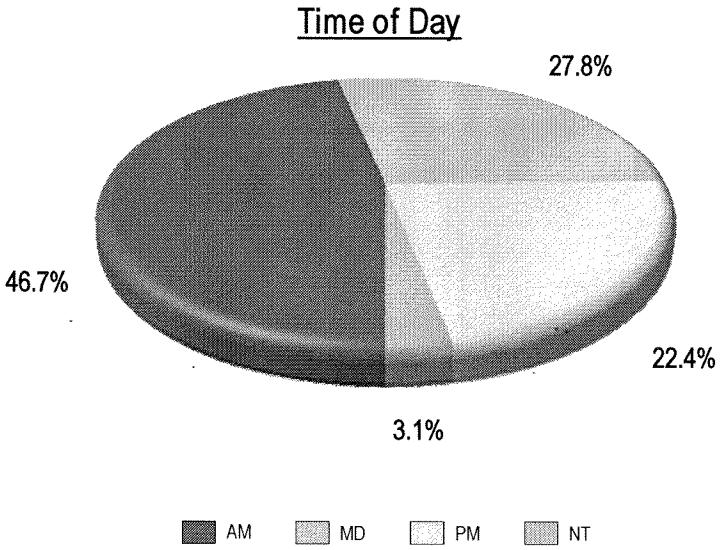
Trip Purpose

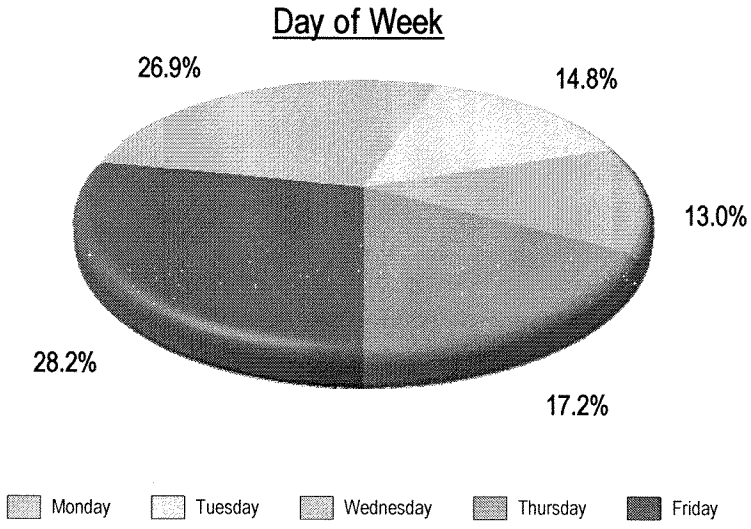


Vehicle Occupancy



Note: Data summaries produced from a total of 1,383 valid handout survey returns.





Note: Data summaries produced from a total of 1,383 valid handout survey returns.

Table 3-3
Video Survey Tabulations

Trip Purpose			Direction of Travel			Time of Day			Day of Week		
Work	543	51.0%	Eastbound	418	39.5%	AM	497	46.7%	Monday	286	26.9%
Personal Business	161	15.1%	Northbound	640	60.5%	MD	296	27.8%	Tuesday	157	14.8%
Shopping	100	9.4%				PM	238	22.4%	Wednesday	138	13.0%
Company Business	93	8.7%				NT	33	3.1%	Thursday	183	17.2%
Social Ev./Visit	74	7.0%							Friday	300	28.2%
Recreation	55	5.2%									
School	38	3.6%									
	1064	100.0%		1058	100.0%		1064	100.0%		1064	100.0%

Occupancy			E-Z Tag			Vehicle Type			Trip Frequency		
Driver Only	728	68.4%	Yes	932	87.6%	Truck	7	0.7%	4+ per week	575	54.2%
2 Occupants	236	22.2%	No	132	12.4%	Auto	1057	99.3%	2-3 per week	152	14.3%
3 Occupants	68	6.4%							Once/week	86	8.1%
4 Occupants	23	2.2%							1-3 per mo.	146	13.8%
5 Occupants	7	0.7%							less than 1/mo.	102	9.6%
6 Occupants	2	0.2%									
Av. Occupancy =		1.45									
	1064	100.0%		1064	100.0%		1064	100.0%		1061	100.0%

HANDOUT SURVEY

Handout survey cards were distributed at six locations on SH 99, FM 1093, and SH 6. The handout format was designed to intercept motorists at six arterial survey locations. These were:

1. State Highway 99 at State Road 90 in the northbound and southbound directions;
2. State Highway 99 at FM 1093 in the northbound and southbound directions;
3. FM 1093 at State Highway 99 in the eastbound and westbound directions;
4. State Highway 6 at US 59 in the northbound and southbound directions;
5. State Highway 6 at West Airport Boulevard in the northbound and southbound directions; and
6. State Highway 6 at Westheimer Parkway in the northbound and southbound directions.

Survey sites were set up at S.H. 99 off ramps and at the selected intersection locations listed above. TRAFFIC SURVEY AHEAD warning signs were positioned, along the approach to the intersection, advising motorist of the survey operation ahead. When the traffic signals turned red, survey personnel passed among the stopped vehicles and

distributed the postage-paid, pre-addressed mailback survey questionnaires. When the traffic signals turned green, survey personnel would exit the intersections and motorists would move along unimpeded. The survey personnel would request the drivers to complete the form and return it via regular mail as soon as possible.

Figure 3-7 is a copy of the handout survey card. The respondents were asked to record the location of the beginning of the trip they were on when they got the handout card and the location of the end of the trip. They were also asked the purpose of the trip, the type of their vehicle, the number of people in the vehicle and the number of times they regularly took that trip, as well as whether they had an EZ Tag. If they wrote in their name and address they would be eligible for the drawing for the $150 prize and if they wrote in their e-mail address they could participate in a further survey (Stated Preference).

Table 3-4 shows the locations and distributions for the handout survey. A total of slightly over 14,000 survey cards were handed out. Returns totaled 1,605 or 11.4 percent. Of these, 222 surveys were unusable. The 1,383 valid forms represent a 9.8 percent sample of the total number of survey cards distributed. This is slightly over 1.0 percent of the total estimated 2008 Average Daily Traffic (ADT) at the six locations.

Figure 3-8 shows the vehicle types and percent EZ Tag from the returned handout surveys. Almost all the returned survey cards (98.8 percent) were from drivers who were traveling in autos, sport utility vehicles, or pick-up trucks with four tires. Almost 1 percent (0.7 percent) were from pick-up trucks with six tires. Returns from motorcycles were 0.3 percent and trucks with four or more axles made up another 0.2 percent. A large percentage of drivers surveyed had EZ Tags. The EZ Tag users were 83.0 percent of all survey cards returned.

As illustrated on Figure 3-9, the majority of the vehicles (70.8 percent) had only a single occupant, the driver. There were 18.7 percent of the vehicles with 2 occupants, 6.9 percent with three occupants, and 3.6 had 4 or more occupants. There were a variety of trip purposes but to or from work was the highest percentage at 55.5 percent. The second and third highest purposes were personal business and shopping, at 13.4 percent and 11.2 percent, respectively. None of the other four purposes, company business, school, recreation, and social event was more than 7 percent of the total.

The majority of the trips (65.7 percent) were made four or more times per week. This was not surprising considering that the over 55 percent of the response indicated their trip purpose as "work".

6
7
8
9
10
11
12
13
14
15
16
17
18

Travel Pattern Survey – 2010

Dear Motorist

The Fort Bend Grand Parkway Toll Road Authority (FBGPTRA) is conducting a survey of motorists in the west Houston region to better understand your driving experience and your response to future improvements. FBGPTRA is requesting your assistance by asking for information about the one-way trip that you made today using the Grand Parkway (SH 99). Please complete the questionnaire and drop it into the mail at your earliest convenience. Postage is pre-paid. Early returns will be entered in a drawing for three chances to win a Visa gift card. All information is confidential and will only be used for planning purposes. This survey is an essential part of our customer service outreach and we value your feedback.

A. Where did you start your trip today? Please be as specific as possible.
If you do not know the street address, please identify the nearest intersection, shopping area, subdivision, etc.

Street Address, nearest intersection or location

City or town State Zip Code (if known)

B. Where did you end this trip today? Please be as specific as possible.
If you do not know the street address, please identify the nearest intersection, shopping area, subdivision, etc.
Response should be different to Question A. Please do not describe a round trip such as home to work and then home. Please describe the trip only in the direction you were going when you received this card.

Street Address, nearest intersection or location

City or town State Zip Code (if known)

C. What is the zip code of your primary residence? _____

D. Please indicate the main purpose of your one-way trip. (Circle one)

1. To or from work
2. Company business
3. School
4. Shopping
5. Recreation
6. Social event and/or visit
7. Other personal business

E. Please identify the type of vehicle you were driving. (Circle one)

1. 2-axle, 4-tire Passenger Car, SUV or Pickup Truck
2. 2-axle, 6-tire Truck
3. 3-axle Truck
4. 4-axle Truck
5. Truck with 5 or More Axles
6. Motorcycle

F. Do you, or others in your immediate household, currently have an EZ TAG or other electronic tag useable in Texas? (Circle one) 1. Yes 2. No

G. How many people, including yourself and any children, were in your vehicle? (Circle one)

1 2 3 4 5 6 or more

H. How often do you make this one-way trip? (Circle one)

1. 4 or more times per week
2. 2 or 3 times per week
3. Once per week
4. 1 to 3 times per month
5. Less than once per month but more than twice per year

I. By completing the survey in its entirety and providing your name and address in the space provided below, early respondents qualify to participate in a $150 pre-paid Visa gift card drawing. (OPTIONAL)

J. If you would like to participate in the supplemental follow-up Internet survey, please supply your email address.

Email Address (OPTIONAL) _____

This space is for office use only. Please do not write in this space.

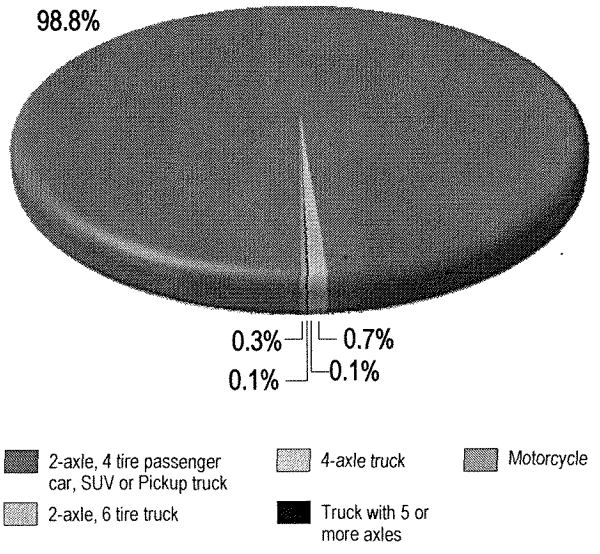
STATION | DIR | DAY | HOUR | O S P T G d I J

WilburSmith ASSOCIATES

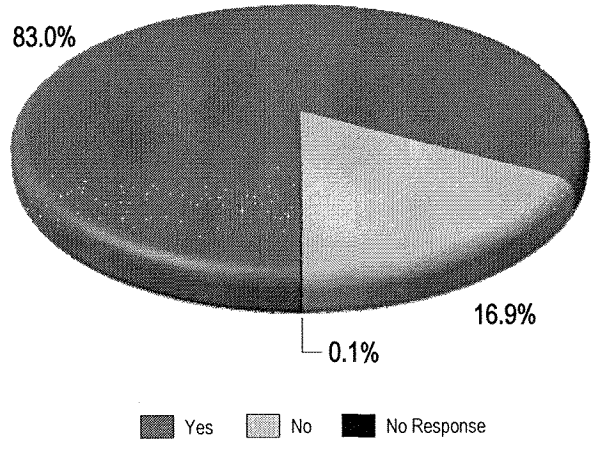
HANDOUT SURVEY FORM

FIGURE 3-7

Vehicle Type

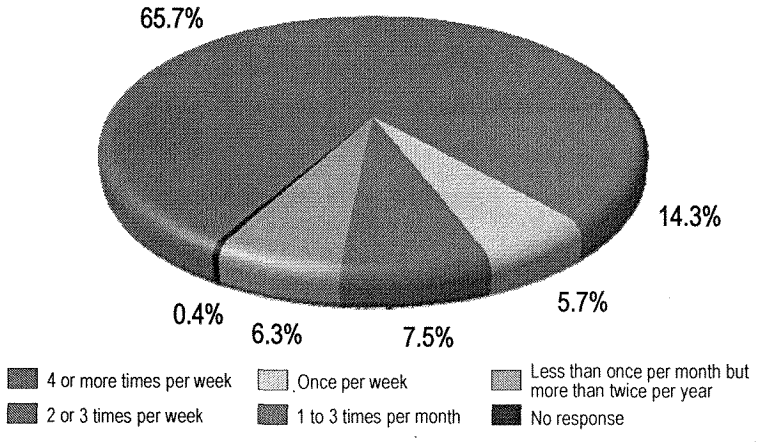


EZ Tag

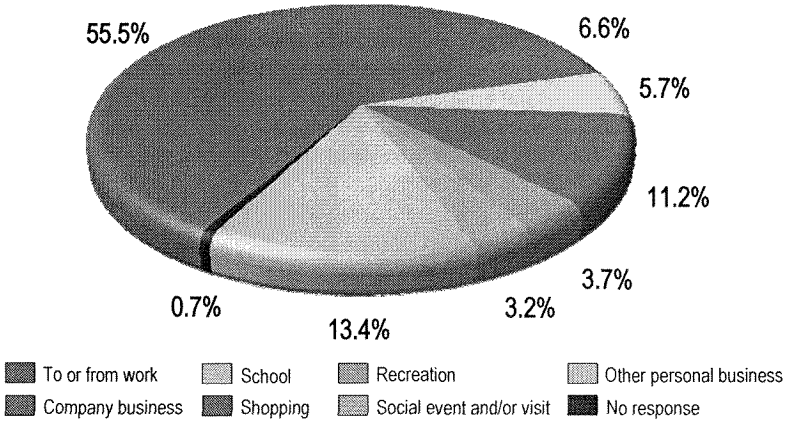


Note: Data summaries produced from a total of 1,383 valid handout survey returns.

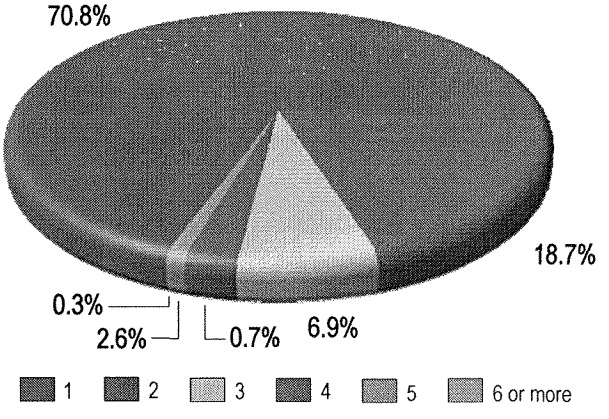
Trip Frequency



Trip Purpose



Vehicle Occupancy



Note: Data summaries produced from a total of 1,383 valid handout survey returns.

Table 3-4
Survey Station Locations and Distribution

Location No.	Route/Site	Location	Survey Direction	Survey Type	Survey Date	Estimated 2008 ADT	Cards Distributed	Cards Returned	Percent Returned	Valid Cards	Percent Valid Cards
1	SH 99	at SR 90	NB	Handout	8/25	21,168	779	117	15.0%	98	12.6% (83.8%)
1	SH 99	at SR 90	SB	Handout	8/25		1892	225	11.9%	206	10.9% (91.6%)
2	SH 99	at FM 1093	NB	Handout	8/24	22,859	1356	252	18.6%	212	15.6% (84.1%)
2	SH 99	at FM 1093	SB	Handout	8/24		2119	305	14.4%	279	13.2% (91.5%)
3	FM 1093	at SH 99	EB	Handout	8/24	18,522	1273	205	16.1%	189	14.8% (92.2%)
3	FM 1093	at SH 99	WB	Handout	8/24		982	145	14.8%	128	13.0% (88.3%)
4	SH 6	at US 59	NB	Handout	8/25	41,160	1631	120	7.4%	96	5.9% (80.0%)
4	SH 6	at US 59	SB	Handout	8/25		1695	123	7.3%	82	4.8% (66.7%)
5	SH 6	at W Airport Blvd	NB	Handout	8/26	28,298	1050	46	4.4%	35	3.3% (76.1%)
5	SH 6	at W Airport Blvd	SB	Handout	8/26		1306	67	5.1%	58	4.4% (86.6%)
		Totals				**132,007**	**14,083**	**1,605**	**11.4%**	**1,383**	**9.8% (86.2%)**

* O/D survey card distribution process interrupted on SH 6 at Westheimer Pkwy intersection

Both the Video Mailout Survey and the Handout Survey returns were overwhelmingly from drivers of private autos. There were less than one percent commercial vehicles in the Video Survey and only 1.2 percent in the Handout Survey. Traffic counts in the area also indicate a small percentage of trucks (less than 5 percent).

The number of EZ Tag users was consistently high in both surveys, 83.0 percent from the Handout Survey and 87.6 percent from the Video Mailout.

The vehicle occupancy in both surveys was almost exactly the same. In the Video Mailout survey, single occupant vehicles were 68.4 percent and in the Handout survey, 70.8 percent. There were 22.2 percent two-occupant vehicles in the Video survey and 18.7 percent in the Handout survey. Combined single and two-occupant vehicles in the Video survey totaled 90.6 percent, while the same combination in the Handout survey was 89.5 percent. Three-occupants were 6.4 percent in the Video and 6.9 percent in the Handout survey. Vehicles with four occupants were 2.2 percent in the Video survey and 2.6 percent in the Handout survey. There were very few five-occupants in both surveys and both percentages were 0.7 percent. Because of this significant consistency, both samples appear to be representative with respect to vehicle occupancy.

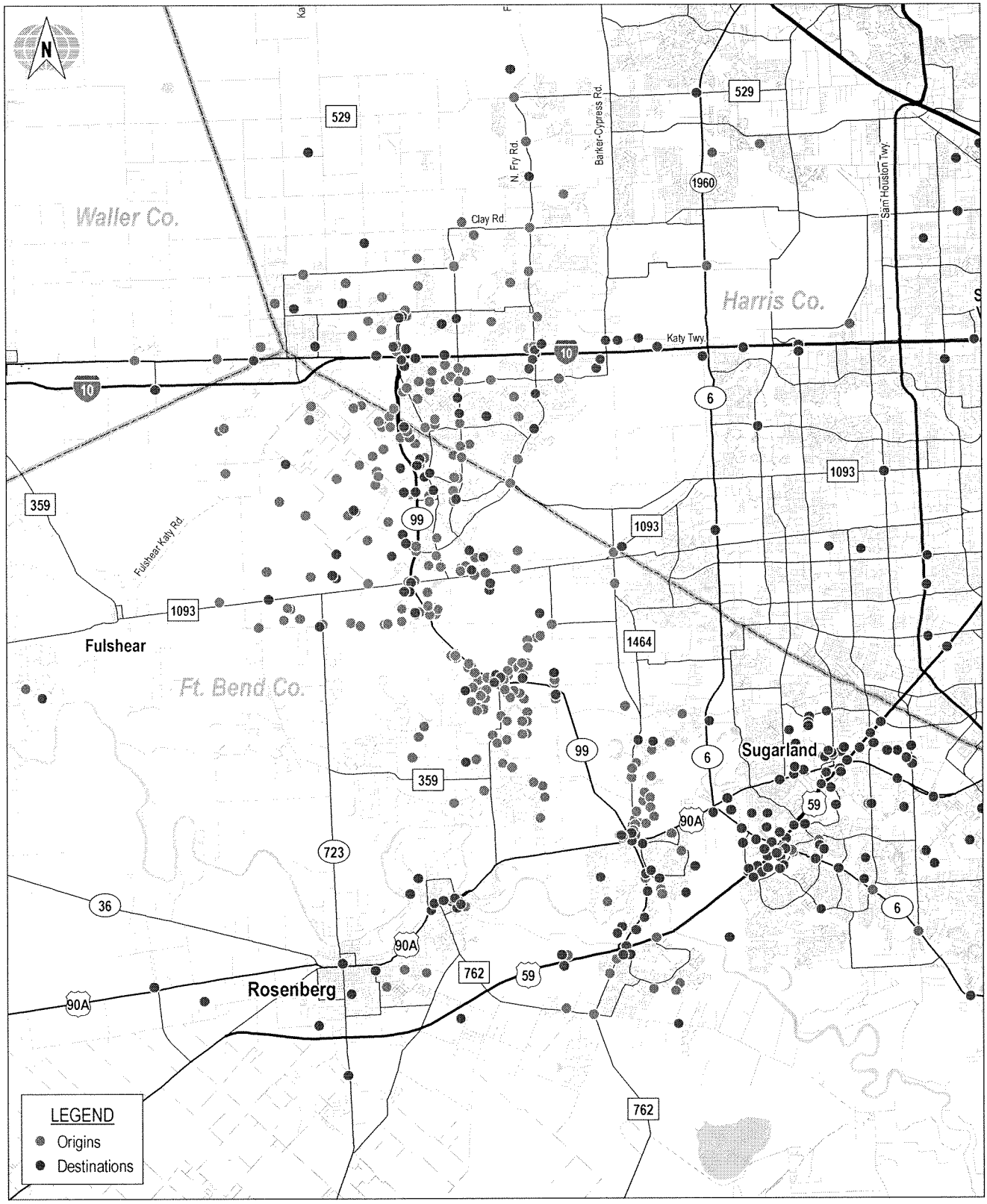
Percentages of trip purposes were also similar between the two surveys. Combining work and company business resulted in an additive percent of 59.7 percent for the Video survey and 62.1 percent for the Handout. Personal business was 15.1 percent in the Video and 13.4 in the Handout. Shopping was 9.4 percent in the Video survey and 11.2 percent in the Handout survey.

There were more returns from commuters from the Handout survey with 65.7 percent versus 54.2 percent in the Video, indicating that they took the same trip four or more times per week. However, those who said they took the same trip two-three times per week were the exact same percentage in both surveys, 14.3 percent. The percent that said they took the same trip one-to-three times per month was almost double in the Video survey (13.8 percent to 7.5 percent).

Overall most of the percentage breakdowns of both surveys were relatively close and indicate that both surveys are representative samples.

PATTERN OF SURVEYED TRIPS

By displaying the travel patterns, from the origin-destination survey, as productions and attractions at the zonal level, the results of the surveys can be shown. Figure 3-10 shows the Handout survey origins and destinations for the morning peak period. Each dot on the map represents one origin and one destination from a survey response. There is a



Note: Each dot represents one survey response.

HANDOUT SURVEY ORIGINS AND DESTINATIONS
AM PEAK PERIOD

WilburSmith ASSOCIATES

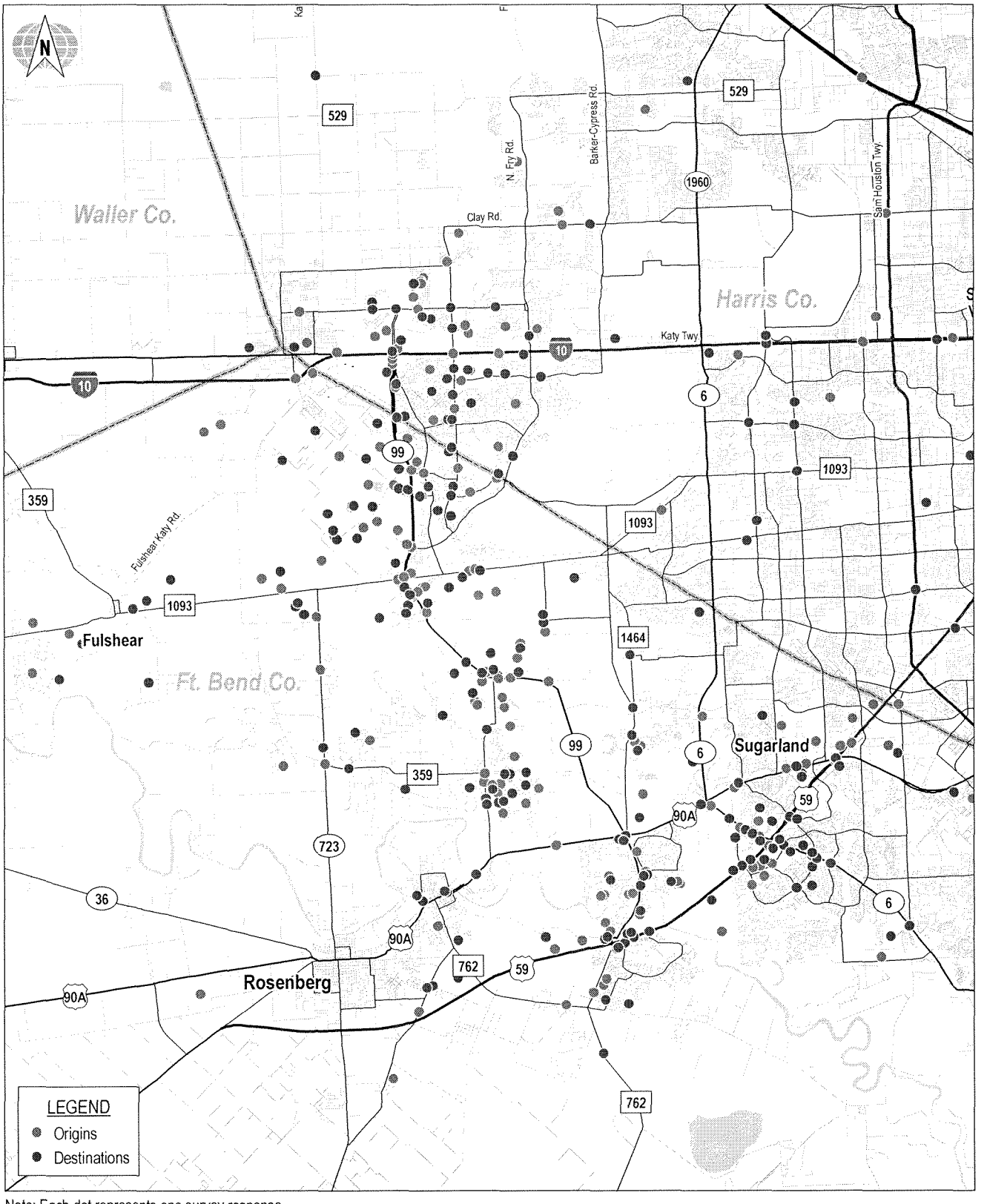
FIGURE 3-10

heavy concentration of destinations in Sugarland which indicates that there are a significant number of local destinations, rather than Houston Downtown.

The afternoon peak distribution of the surveyed trip origins and destinations, from the Handout survey are shown in Figure 3-11. There are concentrations of both origins and destinations throughout the study area, in Sugarland, at the intersection of U.S. 59 and SH 99, the intersection of FM 359 and Farmer Road, the intersection of Mason Road and SH 99, and near SH 99 from the intersection of FM 1093 to the Katy Freeway (IH-10).

A series of 48-hour counts were conducted for the purposes of factoring survey sample trips, in order to represent the average weekday pattern of traffic movement, along Segment D. Average weekday traffic volumes are higher in the northern section of Segment D, ranging from slightly over 25 thousand vehicles per day between South Fry Road and Westpark Tollway, to over 46 thousand, in the northbound direction, and 39 thousand in the southbound direction, between Highland Knolls Drive and Cinco Ranch Boulevard. South of the Westpark Tollway, weekday volumes gradually decline from over 15 thousand vehicles per day between Bellaire Boulevard and Morton Road to 13 thousand per day just north of U.S. 59.

Data from the two origin and destination surveys were used as input to the travel demand model to refine the base year 2010 and future travel patterns as described later. This vastly improves model accuracy compared to estimated travel patterns generated from the H-GAC regional travel demand model.



Note: Each dot represents one survey response.

HANDOUT SURVEY ORIGINS AND DESTINATIONS PM PEAK PERIOD

WilburSmith ASSOCIATES

FIGURE 3-11

FORT BEND COUNTY, TEXAS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
September 30, 2011

Total fund balances, governmental funds	$ 79,392,639
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Assets.	1,063,947,000
Other long-term assets are not available to pay for current-period expenditures and are therefore deferred in the funds.	11,866,957
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Assets.	(1,940,152)
Some liabilities (such as long-term claims and judgments payable, long-term compensated absences, and bonds payable) are not due and payable in the current period and are not included in the fund financial statements, but are reported in the governmental activities of the Statement of Net Assets.	
Bonds payable	(318,265,000)
Deferred issuance costs	3,311,493
Compensated absences	(5,560,434)
Other post-employment benefits (OPEB) obligation	(101,760,042)
Premiums on issuance of debt	(12,043,251)
Accrued interest is not due and payable in the current period and therefore not reported in the funds.	(1,224,897)
Net Assets of Governmental Activities	$ 717,724,313

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2011

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 150,611,129	$ 28,251,456	$ 18,544,313	$ 197,406,898
Fees and fines	26,538,216	76,613	10,867,165	37,481,994
Intergovernmental	23,894,468		13,077,519	36,971,987
Earnings on investments	1,457,487	141,647	1,198,905	2,798,039
Miscellaneous	3,372,764		3,151,627	6,524,391
Total Revenues	205,874,064	28,469,716	46,839,529	281,183,309
Expenditures				
Current:				
General administration	41,583,032		769,305	42,352,337
Financial administration	7,158,932		17,254	7,176,186
Administration of justice	54,210,526		17,628,820	71,839,346
Construction and maintenance	2,843,242		26,699,183	29,542,425
Health and welfare	17,345,040		4,722,704	22,067,744
Cooperative services	986,392			986,392
Public safety	42,751,912		1,404,590	44,156,502
Parks and recreation	2,263,590			2,263,590
Libraries and education	12,113,853		62,784	12,176,637
Capital Outlay	20,234,349		68,693,447	88,927,796
Debt Service:				
Principal		12,590,000		12,590,000
Interest and fiscal charges		15,528,257		15,528,257
Bond issuance costs		249,266		249,266
Total Expenditures	201,490,868	28,367,523	119,998,087	349,856,478
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,383,196	102,193	(73,158,558)	(68,673,169)
Other Financing Sources (Uses)				
Transfers in	5,260,901		9,141,885	14,402,786
Transfers (out)	(8,965,489)		(5,437,297)	(14,402,786)
Refunding bonds issued		9,675,000		9,675,000
Payment to refunded bond escrow agent		(10,230,000)		(10,230,000)
Premium on refunding bonds issued		784,853		784,853
Total Other Financing Sources (Uses)	(3,704,588)	229,853	3,704,588	229,853
Net change in fund balances	678,608	332,046	(69,453,970)	(68,443,316)
Fund Balances, Beginning of Year	43,380,373	4,849,712	99,605,870	147,835,955
Fund Balances, End of Year	$ 44,058,981	$ 5,181,758	$ 30,151,900	$ 79,392,639

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (GOVERNMENTAL FUNDS) TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2011

Net change in fund balances - total governmental funds	$ (68,443,316)
Adjustments for the Statement of Activities:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which current year capital outlay ($88.9 million) exceeded depreciation expense ($26.2 million) in the current period.	62,699,787
Capital contributions of infrastructure are reported in the governmental-wide financial statements but not in the fund financial statements.	23,717,658
Governmental funds report the entire net sales prices (proceeds) from the sales of capital assets as revenue because they provide current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the capital assets. Thus, the change in net assets differs from the change in fund balance by the costs of capital assets sold.	(354,795)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(10,210,587)
The long-term portion of accrued compensated absences is not due and payable in the current period and is therefore not reported in governmental funds.	(167,658)
Changes in the other post-employment benefits (OPEB) obligation are not due and payable in the current period, and therefore are not reported in the governmental funds.	(26,647,414)
Revenues that do not provide current financial resources are not reported as revenues in the governmental funds. This adjustment reflects the net change in receivables on the accrual basis of accounting.	(586,559)
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore are not reported as expenditures in the governmental funds. This adjustment reflects the net change in interest payable on the accrual basis of accounting.	63,535
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	576,813
Principal payments on bonds are reported as expenditures in governmental funds but not as expenses in the government-wide statements.	22,820,000
Internal service funds are used by management to charge the costs of certain activities, such as insurance and equipment replacement, to individual funds. The net revenues (expenses) are reported with governmental activities.	(1,588,239)
Change in net assets of governmental activities	$ 1,879,225

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2011

	Governmental Activities Internal Service Funds
Assets	
Current Assets:	
Cash and cash equivalents	$ 5,416,728
Due from other funds	283,237
Other receivables	20,490
Total Current Assets	5,720,455
Noncurrent Assets:	
Capital Assets:	
Construction-in-progress	88,810
Total Capital Assets	88,810
Total Noncurrent Assets	88,810
Total Assets	5,809,265
Liabilities	
Current Liabilities:	
Benefits payable	7,740,434
Retainage payable	8,881
Due to other funds	102
Total Current Liabilities	7,749,417
Total Liabilities	7,749,417
Net Assets (Deficit)	
Invested in capital assets, net of related debt	88,810
Unrestricted	(2,028,962)
Total Net Assets (Deficit)	$ (1,940,152)

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

For the Year Ended September 30, 2011

	Governmental Activities
	Internal Service Funds
Operating Revenues	
Charges for services	$ 30,686,672
Total Operating Revenues	30,686,672
Operating Expenses	
Current operations - general administration	411,575
Benefits provided	31,990,499
Total Operating Expenses	32,402,074
Operating (Loss)	(1,715,402)
Non-Operating Revenues	
Earnings on investments	127,163
Total Non-Operating Revenues	127,163
Change in Net Assets	(1,588,239)
Total Net Assets (Deficit), Beginning of Year	(351,913)
Total Net Assets (Deficit), End of Year	$ (1,940,152)

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2011

	Governmental Activities Internal Service Funds
Cash Flows from Operating Activities	
Charges for services	$ 32,151,762
Payment of benefits	(31,400,379)
Payment of general administration expenses	(411,575)
Net Cash Provided by Operating Activities	339,808
Cash Flows from Investing Activities	
Interest earned on investments	127,163
Net Cash Provided by Investing Activities	127,163
Cash Flows from Capital and Related Financing Activities:	
Purchase of capital assets	(79,929)
Net Cash (Used) by Capital and Related Financing Activities	(79,929)
Net Increase in Cash and Cash Equivalents	387,042
Cash and Cash Equivalents, Beginning of Year	5,029,686
Cash and Cash Equivalents, End of Year	$ 5,416,728
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities	
Operating (Loss)	$ (1,715,402)
Change in assets and liabilities:	
(Increase) in other receivables	(19,965)
Decrease in due from other funds	1,593,183
(Decrease) in due to other funds	(108,128)
Increase in benefits payable	590,120
Total adjustments	2,055,210
Net Cash Provided by Operating Activities	$ 339,808

The accompanying notes are an integral part of these financial statements.

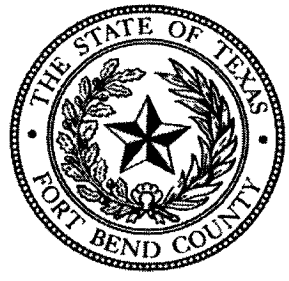
FORT BEND COUNTY, TEXAS

STATEMENT OF FIDUCIARY NET ASSETS

September 30, 2011

	Agency Funds
Assets	
Cash and cash equivalents	$ 29,051,344
Miscellaneous receivables	311,599
Total Assets	$ 29,362,943
Liabilities	
Due to other governments	$ 29,362,943
Total Liabilities	$ 29,362,943

The accompanying notes are an integral part of these financial statements.


THE STATE OF TEXAS
FORT BEND COUNTY

FORT BEND COUNTY, TEXAS

STATEMENT OF NET ASSETS
COMPONENT UNITS
September 30, 2011

	Fort Bend County Surface Water Supply Corporation	Fort Bend County Toll Road Authority	Fort Bend Grand Parkway Toll Road Authority	Fort Bend County Housing Finance Corporation	Fort Bend County Industrial Development Corporation	Totals
Assets						
Cash and cash equivalents	$ 7,614	$ 31,734,552	$ 72	$ 700,944	$ 23,020	$32,466,202
Accounts receivable				365		365
Due from Fort Bend Grand Parkway Toll Road Authority		2,000,000				2,000,000
Due from primary government		1,286,978				1,286,978
Accrued interest receivable		25,125		1,163		26,288
Miscellaneous receivables		2,847,331				2,847,331
Deferred bond issuance costs		738,947				738,947
Prepaid items					124	124
Capital assets, not being depreciated		2,782,650	8,778,577			11,561,227
Capital assets, net of accumulated depreciation		145,748,541				145,748,541
Total Assets	7,614	187,164,124	8,778,649	702,472	23,144	196,676,003
Liabilities and Net Assets						
Liabilities						
Accounts payable				3,900		3,900
Retainage payable			204,202			204,202
Due to Fort Bend County Toll Road Authority			2,000,000			2,000,000
Due to primary government			10,286,786			10,286,786
Accrued interest payable		558,119	32,681			590,800
Long-term liabilities						
Due within one year		1,645,000				1,645,000
Due in more than one year		135,847,059				135,847,059
Total Liabilities		138,050,178	12,523,669	3,900		150,577,747
Net Assets						
Invested in capital assets, net of related debt		11,039,132	8,778,577			19,817,709
Unrestricted	7,614	38,074,814	(12,523,597)	698,572	23,144	26,280,547
Total Net Assets	$ 7,614	$ 49,113,946	$ (3,745,020)	$ 698,572	$ 23,144	$46,098,256

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS
STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the Year Ended September 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Capital Grants and Contributions
Fort Bend County Surface Water Supply Corporation			
Health and welfare	$	$	$
Total Fort Bend County Surface Water Supply Corporation			
Fort Bend County Toll Road Authority			
Toll road operations	8,356,153	17,694,231	518,338
Interest on long-term debt	6,618,997		
Total Fort Bend County Toll Road Authority	14,975,150	17,694,231	518,338
Fort Bend Grand Parkway Toll Road Authority			
Toll road operations	3,712,411		
Operating interest	32,681		
Total Fort Bend Grand Parkway Toll Road Authority	3,745,092		
Fort Bend County Housing Finance Corporation			
Programs	345		
General administration	10,715	141,870	
Total Fort Bend County Housing Finance Corporation	11,060	141,870	
Fort Bend County Industrial Development Corporation			
General administration	2,856	23,000	
Total Fort Bend County Industrial Development Corporation	2,856	23,000	
Total Component Units	$18,734,158	$17,859,101	$ 518,338
General Revenues:			
Earnings on investments			
Miscellaneous			
Total General Revenues			
Changes in Net Assets			
Net Assets, Beginning of Year			
Net Assets, End of Year			

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Assets					
Fort Bend County Surface Water Supply Corporation	Fort Bend County Toll Road Authority	Fort Bend Grand Parkway Toll Road Authority	Fort Bend County Housing Finance Corporation	Fort Bend County Industrial Development Corporation	Totals
$	$	$	$	$	$
	9,856,416				9,856,416
	(6,618,997)				(6,618,997)
	3,237,419				3,237,419
		(3,712,411)			(3,712,411)
		(32,681)			(32,681)
		(3,745,092)			(3,745,092)
			(345)		(345)
			131,155		131,155
			130,810		130,810
				20,144	20,144
				20,144	20,144
	3,237,419	(3,745,092)	130,810	20,144	(356,719)
75	354,629		4,094		358,798
	54,501	72			54,573
75	409,130	72	4,094		413,371
75	3,646,549	(3,745,020)	134,904	20,144	56,652
7,539	45,467,397		563,668	3,000	46,041,604
$ 7,614	$ 49,113,946	$ (3,745,020)	$ 698,572	$ 23,144	$ 46,098,256

Note 1 - Summary of Significant Accounting Policies

A. Financial Reporting Entity

Fort Bend County, Texas (the "County") is a public corporation and a political subdivision of the State of Texas. The Commissioners Court, composed of four County Commissioners and the County Judge, all of whom are elected officials, govern the County.

The County is considered an independent entity for financial reporting purposes and is considered a primary government. As required by generally accepted accounting principles, these financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the County's financial reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the County's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the County is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the County's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Blended Component Units

Blended component units, although legally separate entities, are, in substance, part of the County's operations and so data of these units are combined with data of the County. Each of the County's blended component units has a September 30 year-end. The following component units have been identified and are presented in a blended format in the government-wide financial statements:

Fort Bend County Drainage District ("District")
Established under Section 59 of Article XVI of the Constitution of Texas, the District includes all of the property within Fort Bend County. The District was created for the purpose of reclamation and drainage of its lands. Commissioners Court acts as the governing body of the District. Complete financial statements for the District can be obtained at the Fort Bend County Auditor's Office located at 301 Jackson, Suite 533, Richmond, Texas.

Fort Bend Flood Control Water Supply Corporation ("FBFCWSC")
The FBFCWSC is a non-profit corporation organized for the benefit of the County to provide for the acquisition, construction and financing of flood control and drainage projects for the County. Upon completion, these projects are maintained by the County. Commissioners Court appoints the Board of Directors and approves all budgets and expenditures. Complete financial statements for the Corporation can be obtained at the Fort Bend County Auditor's Office located at 301 Jackson, Suite 533, Richmond, Texas.

Note 1 - Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

Discretely Presented Component Units

Discretely presented component units are presented in a separate column in the government-wide statements to emphasize that they are legally separate from the County. Each of the County's discretely presented component units has a September 30 year-end. The following component units have been identified and are presented in a discrete format in the County's financial statements:

Fort Bend County Toll Road Authority
The Fort Bend County Toll Road Authority is organized under the Texas Transportation Corporation Act and the Texas Non-Profit Corporation Act. The Authority was created to assist in the planning, designing, financing and building of county roads and highways. In particular, the Authority is to assist in the building and operation of the Fort Bend Toll Road system that will extend from Sam Houston Parkway in Harris County to the Brazos River and the City of Fulshear in Fort Bend County. The County has financial accountability because it appoints a voting majority of the Board and the County can impose its will. Financial information is available at the County Auditor's Office located at 301 Jackson, Suite 533, Richmond, Texas.

Fort Bend Grand Parkway Toll Road Authority
The Fort Bend Grand Parkway Toll Road Authority is organized under the Texas Transportation Corporation Act and the Texas Non-Profit Corporation Act. The Authority was created to assist in the planning, designing, financing and building of county roads and highways. In particular, the Authority is to assist in the building and operation of the Fort Bend Grand Parkway Toll Road that will extend from the Westpark Tollway along State Highway 99 to US 59. The County has financial accountability because it appoints a voting majority of the Board and the County can impose its will. Financial information is available at the County Auditor's Office located at 301 Jackson, Suite 533, Richmond, Texas.

Fort Bend County Surface Water Supply Corporation
The Fort Bend County Surface Water Supply Corporation was established for the purpose of conducting a feasibility study of a surface water facility in the area. Currently, revenue sources are primarily from special districts, private corporations, and other entities interested in the study. The County has financial accountability because it appoints a voting majority of the Board and the County can impose its will. Financial information is available at the County Auditor's Office located at 301 Jackson, Suite 533, Richmond, Texas.

Fort Bend County Housing Finance Corporation
The Fort Bend County Housing Finance Corporation was established under the Texas Housing Finance Corporation Act. The Corporation provides down payment assistance programs for individuals meeting certain income guidelines and serves as a conduit for activity related to bond issues for affordable housing in Fort Bend County. The tax-exempt bonds issued by the Corporation do not constitute a debt or a pledge of faith by the Corporation, but are payable by the user pursuant to terms defined in the loan agreements underlying each issue. The County has financial accountability because it appoints a voting majority of the Board and the County can impose its will. Complete financial statements for The Fort Bend Housing Finance Corporation are prepared and can be obtained at the East Fort Bend County Annex Building located at 3030 Texas Parkway, Suite 213, Missouri City, Texas.

Note 1 - Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

Discretely Presented Component Units (continued)

Fort Bend County Industrial Development Corporation
The Fort Bend County Industrial Development Corporation was established under the Development Corporation Act of 1979 (Act). The Corporation facilitates the issuance of obligations in the form of bonds to finance all or part of the cost of one or more projects as defined by the Act. The bonds issued by the Corporation do not constitute a debt or a pledge of faith by the Corporation, but are payable by the user pursuant to terms defined in the loan agreements underlying each issue. The County has accountability because it appoints a voting majority of the Board and the County can impose its will. Financial information is available at the County Auditor's Office.

B. Government-wide and Fund Accounting

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. While the previous reporting model emphasized fund types (the total of all funds of a particular type), the GASB 34 reporting model focuses on either the County as a whole or on major individual funds (within the fund financial statements). Typically, both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. All primary activities of the County are considered to be governmental type activities; therefore no business type activities are presented within the basic financial statements. In the government-wide Statement of Net Assets, governmental activities are presented on a full accrual, economic resource basis, which incorporates long-term assets and receivables, as well as long-term debt and obligations.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (general administration, financial administration, public safety, etc.), which are otherwise being supported by general government revenues (property taxes, earnings on investments, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues. The program revenues must be directly associated with the function (general administration, financial administration, public safety, etc.).

The governmental funds major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile fund-based financial statements with the governmental column of the government-wide presentation.

The County's fiduciary funds are presented in the fund financial statements by type. Since, by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. Since the County only reports agency funds, a statement of changes in fiduciary net assets is not presented. All assets reported in agency funds should be offset by a corresponding liability, resulting in zero net assets.

Note 1 - Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Accounting (continued)

In the fund financial statements, the accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Following is a description of the various funds:

The County reports the following major governmental funds:

General Fund
The General Fund is the County's primary operating fund. It is used to account for all financial transactions not properly includable in other funds. The principal source of revenue is local property taxes. Expenditures include all costs associated with the daily operations of the County.

Debt Service Fund
This fund is used to account for the debt service transactions relating to the following bond issues: Permanent Improvements Refunding Bonds Series 2003, Unlimited Tax Road Bonds Series 2006, Unlimited Tax Road Bonds Series 2007, Fort Bend Flood Control Water Supply Corporation (FBFCWSC) Refunding Bonds Series 2010, Limited Tax Facilities Bonds Series 2007, Unlimited Tax Road Bonds Series 2009, Justice Center Limited Tax Bonds Series 2009, and Unlimited Tax Road Refunding Series 2009. Revenues in this fund are comprised of property taxes levied against property located in the County.

The County also reports the following funds types:

Internal Service Funds
These funds are used to account for the County's employee benefits for employees, retirees, and their dependents, including medical and dental; and self-insurance programs, including workers' compensation, personal injury and property damage. The principal source of revenue is contributions paid by individual funds.

Agency Funds
These funds are custodial in nature and do not report operating results. They are used to account for assets held by the County as an agent for various local governments and individuals.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund-types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing resources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statements of net assets and statements of activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these activities are included on the balance sheet. Proprietary fund equity consists of net assets. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Note 1 - Summary of Significant Accounting Policies (continued)

C. Basis of Accounting (continued)

The accounts of the Governmental Fund Types (the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds) and certain Component Units are maintained, and the financial statements have been prepared, on the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when they become susceptible to accrual (i.e., both measurable and available). Available means collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Substantially all revenues, except property taxes, are considered to be susceptible to accrual. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as expenditures when due.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this general rule is that interfund services provided and used within the County are not eliminated in the process of consolidation. Elimination of these services would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: (1) charges to customers for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Revenues that are generated internally are reported as general revenues, including property taxes.

Proprietary funds present both operating revenues and expenses as well as non-operating revenues and expenses. Operating revenues and expenses are generally derived from providing services and producing goods as part of ongoing operations. The principal operating revenues of the County's internal service funds are charges to users for services. The operating expenses for the County's internal service funds include administrative expenses and all costs associated with providing services. All other revenue and expenses are reported as non-operating revenue.

The accrual basis of accounting is used for the proprietary fund types and certain component units. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable, and expenses in the accounting period in which they are incurred and become measurable.

The statements of net assets, statements of activities, and financial statements of proprietary fund types are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized in the accounting period in which they are earned, and expenses in the accounting period in which they are incurred.

D. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used as an extension of formal budgetary control. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities of the current year and are re-appropriated in the budget of the subsequent year. Unencumbered appropriations lapse at the end of the year.

Note 1 - Summary of Significant Accounting Policies (continued)

E. Cash and Cash Equivalents

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the Proprietary Fund Types consider temporary investments with maturities of three months or less when purchased to be cash equivalents.

F. Investments

The County's investments, when held, are comprised primarily of U.S. Government Securities. Obligations with maturities of one year or less when purchased are reported on the balance sheet at their amortized cost, which approximates fair value. All other investments are reported at fair value. The investments in U.S. Government Securities are generally held to maturity.

G. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

H. Due To and Due From Other Funds

During the course of operations, transactions occur between individual funds for specified purposes, such as lending/borrowing arrangements or amounts. In addition, the County maintains numerous bank accounts among all the funds and occasionally monies are deposited into the incorrect account. Therefore, a receivable and payable are recorded in the proper funds. These receivables and payables are classified as "due from other funds" or "due to other funds" (or "due from component unit/primary government" or "due to component unit/primary government" if the transactions are between the primary government and its component unit).

I. Interfund Transfers

The County maintains numerous special revenue and capital project funds to account separately for monies that have been set aside for particular purposes. Often, these monies are initially budgeted in the General Fund during the annual budget process and are then transferred to various funds during the course of the fiscal year. In addition, when these projects are complete, these same funds often transfer residual monies back to the General Fund or some other fund, as determined by where the monies should be returned. These interfund transfers are classified as "transfers in" and "transfers out" within the primary government.

J. Interest Receivable

Interest on investments is recorded as revenue in the year the interest is earned and available to pay liabilities of the current period.

Note 1 - Summary of Significant Accounting Policies (continued)

K. Capital Assets

Capital assets used in governmental fund types of the government are recorded as expenditures of the General, Special Revenue and Capital Projects Funds and as assets in the government-wide financial statements to the extent the County's capitalization threshold (currently $5,000 on new assets) is met. All betterments to existing assets are capitalized, without any threshold. Depreciation is recorded on capital assets on a government-wide basis. Major outlays for capital assets and improvements are capitalized as projects are constructed and subsequently depreciated over their estimated useful lives on a straight-line basis at the government-wide levels. All capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their estimated fair value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and resulting gain or loss is included in the results of operations.

The County applies a half-year convention for depreciation on all assets. Therefore, one half of a year of depreciation is charged to operations the first and last year that an asset is in service. Depreciation has been provided for plant and equipment using the straight-line method over the estimated useful life for the type of assets as follows:

Asset Description	Estimated Useful Life
Vehicles	5 to 7 years
Office furniture and equipment	5 to 7 years
Machinery and equipment	7 to 15 years
Buildings, facilities and improvements	10 to 39 years
Infrastructure	20 to 40 years

L. Accrued Compensated Absences

All full-time employees accumulate vacation benefits in varying annual number of days up to a maximum of twenty days a year. Accumulated vacation exceeding twenty days lapses on December 31 of each year.

Compensatory time exceeding 80 hours is paid to nonexempt employees. In the event of termination, an employee is paid for all maximum allowable accumulation of vacation and compensatory time.

Sick leave benefits are earned by all full-time employees at a rate of eight days per year and may be accumulated without limit. Upon retirement, an employee may be eligible to receive a payment for up to one-half of their unused sick leave balance, not to exceed a maximum of $5,000. In the event of any termination other than retirement, an employee is not paid for any unused sick leave.

A liability for accrued compensated absences is recorded in the government-wide financial statements.

Note 1 - Summary of Significant Accounting Policies (continued)

M. Restricted/Unrestricted Net Assets

It is the County's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

O. Reclassifications

Certain reclassifications to prior year balances have been made to conform to current year presentation. Such reclassifications have had no effect on the excess of revenues over expenditures.

P. Date of Managements' Review

In preparing the financial statements, the County has evaluated events and transactions for potential recognition or disclosure through March 16, 2012, the date that the financial statements were available to be issued.

Q. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

Note 2 - Deposits (Cash) and Investments

A. Authorization for Deposits and Investments

The Texas Public Funds Investment Act (PFIA), as prescribed in Chapter 2256 of the Texas Government Code, regulates deposits and investment transactions of the County.

In accordance with applicable statutes, the County has a depository contract with an area bank (depository) providing for interest rates to be earned on deposited funds and for banking charges the County incurs for banking services received. The County may place funds with the depository in interest and non-interest bearing accounts. State law provides that collateral pledged as security for bank deposits must have a market value of not less than the amount of the deposits and must consist of: (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas; and/or (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent. County policy requires the collateralization level to be at least 110% of market value of principal and accrued interest.

Note 2 - Deposits (Cash) and Investments (continued)

A. Authorization for Deposits and Investments (continued)

Commissioners Court has adopted a written investment policy regarding the investment of its funds as defined by the Public Funds Investment Act of 1995 (Chapter 2256, Texas Government Code). The investments of the County are in compliance with this policy. State statutes authorize the County to invest in fully collateralized or insured time deposits, direct debt obligations of the United States, and certain repurchase agreements. Investments in security repurchase agreements are authorized when the investment has a defined termination date, is secured by obligations described in the Public Funds Investment Act, is pledged to the County, is deposited with a third party selected and approved by the entity, and is placed through a primary government securities dealer or national bank domiciled in the State of Texas. The County did not invest in repurchase agreements for the year ended September 30, 2011.

B. Deposit and Investment Amounts

The County's cash and investments are classified as: cash and cash equivalents, and investments. Cash and cash equivalents include cash on hand, deposits with financial institutions, and short-term investments in a privately-managed public funds investment pool account.

At September 30, 2011, the County's cash deposits are either insured by FDIC or covered by collateral held by the County's agent in the County's name.

The following schedule shows the County's recorded cash and cash equivalents and investment pools at year-end, excluding Agency Funds:

	Total Fair Value
Cash deposits	$ 133,404,234
Certificates of deposit	495,579
Investment pools:	
Texas CLASS	2,193,082
TexasTERM	5,358
LOGIC	8,066
Total cash and investment pools	$ 136,106,319

Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, chapter 791, Texas Government Code, and the Public Funds Investment Act, chapter 2256, Texas Government Code. Texas CLASS was established in 1996. Pursuant to the Trust Agreement, Texas CLASS is supervised by a Board of Trustees who are elected by the Participants. The Board of Trustees supervises the Trust and its affairs and acts as the liaison between the Participants, the Custodian and the Program Administrator. Cutwater Investor Services Corp. serves as Program Administrator. Cutwater Investor Services Corp. is a subsidiary of Cutwater Asset Management. Texas CLASS is considered a '2a-7 like pool' under Governmental Accounting Standards Statement No. 31; it will operate the pool consistent with the SEC's Rule 2a7. It maintains a Net Asset Value of approximately $1 per share.

Note 2 - Deposits (Cash) and Investments (continued)

B. Deposit and Investment Amounts (continued)

The TexasTERM Local Government Investment Pool (TexasTERM) is organized in conformity with the Texas Public Funds Investment Act of the Texas Government Code. It provides for a fixed-rate, fixed-term investment for a period of 60 days to one year and includes TexasDAILY, a portfolio of the Local Government Pool, providing daily access to funds. An Advisory Board composed of participants in TexasTERM and other parties who do not participate in the Pool, has responsibility for the overall management of the Pool, including formulation and implementation of its Investment and Operating Policies. PFM Asset Management LLC ("PFM"), a leading national financial and investment advisory firm, is the investment advisor to the pool. TexasTERM's TexasDAILY portfolio is considered a '2a-7 like pool' under Governmental Accounting Standards Statement No. 31; it will operate the pool consistent with the SEC's Rule 2a7. It maintains a Net Asset Value of approximately $1 per share.

Local Government Investment Cooperative (LOGIC) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, chapter 791, Texas Government Code, and the Public Funds Investment Act, chapter 2256, Texas Government Code. The Pool was created in April, 1994 through a contract among its participating governmental units, and is governed by a board of directors ('the board'), to provide for the joint investment of participant's public funds and funds under their control. LOGIC is considered a '2a-7 like pool' under Governmental Accounting Standards Statement No. 31; it will operate the pool consistent with the SEC's Rule 2a7. It maintains a Net Asset Value of approximately $1 per share.

Interest Rate Risk

At year-end, the County had the following investments subject to interest rate risk disclosure, under U.S. generally accepted accounting principles:

	Fair Value	Weighted Average Maturity (days)	Percentage of Total Portfolio
Certificates of deposit	$ 495,579	271	18.3%
Investment pools:			
Texas CLASS	2,193,082	30	81.2%
TexasTERM	5,358	50	0.2%
LOGIC	8,066	42	0.3%
Total Fair Value	$ 2,702,085		
Portfolio weighted average maturity		74	

It is the County's policy to select any individual investment with a maximum stated maturity of thirty-six (36) months. Portfolio maturities will be structured to meet the obligations of the County first and then to achieve the highest rate of return of interest. When the County has funds not required to meet current-year obligations, maturity restraints will be imposed based upon the investment strategy for the group of funds.

The County's investments in the state investment pools via Texas CLASS, TexasTERM, and LOGIC were rated Aaa by Moody Investments and AAAm by Standard and Poor's.

Note 2 - Deposits (Cash) and Investments (continued)

B. Deposit and Investment Amounts (continued)

Concentration of Credit Risk

It is the County's policy to diversify its portfolio to eliminate the risk of loss resulting from a concentration of assets in a specific maturity (save and except zero duration funds), a specific issuer or a specific class of investments. To achieve this diversification, the County will limit investments in specific types of securities to the following percentages of the total portfolio:

Investment Type	Maximum Investment %
Repurchase Agreements	up to 35%
Certificates of Deposit	up to 50%
U.S. Treasury Bills/Notes	up to 100%
Other U.S. Government Securities	up to 80%
Authorized Local Government Investment Pools	up to 80%
No Load Money Market Mutual Funds	up to 50%
Bankers Acceptances	up to 15%

It is the County's policy to select investments in order to provide stability of income and reasonable liquidity.

Note 3 - Receivables

Receivables, including applicable allowances for uncollectible accounts, as of September 30, 2011, were as follows:

	Governmental Activities			
	General	Debt Service	Other Governmental Funds	Total
Receivables:				
Taxes	$ 6,575,619	$ 578,939	$ 1,231,902	$ 8,386,460
Grants	6,474,269		1,018,936	7,493,205
Fees and fines	4,319,143			4,319,143
Accrued interest	7,557			7,557
Other	2,251,733	15,841	1,401,111	3,668,685
Gross receivables	19,628,321	594,780	3,651,949	23,875,050
Less: allowance for uncollectibles	(657,562)	(57,894)	(123,190)	(838,646)
Total	$ 18,970,759	$ 536,886	$ 3,528,759	$ 23,036,404

Note 3 – Receivables (continued)

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of September 30, 2011, the various components of deferred revenue reported in the governmental funds are as follows:

	Unavailable	Unearned
Delinquent property taxes (general fund)	$ 5,918,057	$
Delinquent property taxes (road and bridge fund)	753,585	
Delinquent property taxes (drainage district fund)	355,127	
Delinquent property taxes (debt service fund)	521,045	
Fees and fines (general fund)	4,319,143	
Grant funds received prior to meeting all eligibility requirements		3,556,645
Total deferred revenue for governmental funds	$ 11,866,957	$ 3,556,645

Note 4 - Property Taxes

The County's tax year covers the period October 1 through September 30. The County's property taxes are levied annually in October on the basis of the Fort Bend Central Appraisal District's (CAD) assessed values as of January 1 of that calendar year. Such taxes become delinquent on February 1 of the subsequent calendar year. The CAD establishes appraised values at 100% of market value less exemptions. The County's property taxes are billed and collected by the County's Tax Assessor/Collector.

A. 2010 Tax Year

Property taxes are prorated between the General, certain Special Revenue, and Debt Service Funds based on rates adopted for the year of the levy. For the 2011 fiscal year (2010 tax year), the County levied property taxes of $0.49976 per $100 of assessed valuation. The 2010 rates resulted in total adjusted tax levies of approximately $194.6 million based on a total adjusted valuation of approximately $37.4 billion. The total tax rate in the 2010 tax year was prorated as follows:

	2010 Rate	2010 Limit
General, certain special revenue and debt service funds	$ 0.45246	$ 0.80000
Special road & bridge funds	$ 0.02770	$ 0.15000
Fort Bend County Drainage District	$ 0.01960	$ 0.25000
Total Tax Rate	$ 0.49976	$ 1.20000

Note 4 - Property Taxes (continued)

B. Fort Bend Central Appraisal District

The Fort Bend Central Appraisal District (CAD), a separate governmental entity, is responsible for the recording and appraisal of property for all taxing units in the County.

The CAD is required by state law to assess property at 100% of its appraised value. Further, real property must be appraised at least every four years. Under certain circumstances, the taxpayers and taxing units, including the County, may challenge orders of the CAD's Appraisal Review Board through various appeals and, if necessary, legal action may be taken.

The Commissioners Court will continue to set the tax rates on the property. State law also provides that, if approved by the qualified voters in the County, collection functions may be assigned to the CAD.

Note 5 - Interfund Activity

During the year, cash advances are occasionally made between funds for various projects and situations, which create receivables and payables between these funds. All of these interfund balances are expected to be paid within one year. At September 30, 2011, the interfund receivables and payables were as follows:

	Interfund Receivable	Interfund Payable
General Fund	$ 15,317,511	$ 2,198,840
Non-major Governmental Funds	9,512,732	22,914,538
	24,830,243	25,113,378
Internal Service Funds	283,237	102
Total Governmental Activity	$ 25,113,480	$ 25,113,480

Interfund transfers

Transfers totaling approximately $14.4 million were made during the year primarily for the purpose of moving unrestricted fund revenues to finance various programs that the government must account for in other funds in accordance with the budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

	Transfers In	Transfers Out
General Fund	$ 5,260,901	$ 8,965,489
Non-major Governmental Funds	9,141,885	5,437,297
	$ 14,402,786	$ 14,402,786

Note 6 - Capital Assets

A summary of changes in the primary government's capital assets for the year ended September 30, 2011, is as follows:

	Primary Government			
	Balance 10/01/10	Increases	Decreases	Balance 09/30/11
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 318,334,776	$ 15,099,975	$	$ 333,434,751
Construction-in-progress	152,903,502	66,560,089	(99,212,977)	120,250,614
Total capital assets not being depreciated	471,238,278	81,660,064	(99,212,977)	453,685,365
Other capital assets:				
Vehicles	22,628,966	6,060,587	(2,615,345)	26,074,209
Office furniture and equipment	24,137,597	3,810,303	(899,313)	27,048,587
Machinery and equipment	24,517,102	2,533,314	(1,397,649)	25,652,766
Buildings, facilities and improvements	225,992,477	86,282,555		312,275,031
Infrastructure	415,884,110	31,587,290		447,471,401
Total other capital assets	713,160,252	130,274,049	(4,912,307)	838,521,994
Accumulated depreciation for:				
Vehicles	(13,837,784)	(2,897,397)	2,441,061	(14,294,120)
Office furniture and equipment	(13,369,485)	(3,288,600)	868,976	(15,789,109)
Machinery and equipment	(13,224,104)	(1,570,927)	1,223,124	(13,571,907)
Buildings, facilities and improvements	(54,334,313)	(6,682,237)		(61,016,550)
Infrastructure	(111,748,493)	(11,751,370)		(123,499,863)
Total accumulated depreciation	(206,514,179)	(26,190,531)	4,533,161	(228,171,549)
Other capital assets, net	506,646,073	104,083,518	(379,146)	610,350,445
Total Governmental Activities capital assets, net	$ 977,884,351	$ 185,743,582	$ (99,592,123)	$1,064,035,810

Depreciation expenses were charged to the following functions in the statement of activities:

Fiscal Year 2011 Depreciation Expense	
General administration	$ 1,179,617
Financial administration	211,010
Administration of justice	5,265,772
Construction and maintenance	13,990,660
Health and welfare	1,106,550
Cooperative services	58,409
Public safety	2,796,140
Parks and recreation	430,233
Library	1,152,140
Total Depreciation Expense	$ 26,190,531

Note 6 - Capital Assets (continued)

Construction-in-progress and remaining commitments under related construction contracts for general government construction projects at September 30, 2011, is as follows:

2011 CONSTRUCTION COSTS

Project	Balance 10/01/10	Increases-Retainage Included	Decreases-Capitalizations	Decreases-Adjustments	Balance 09/30/11	Remaining Commitments
2000 Mobility Projects - Bonds	$ 37,300,220	$ 9,111,704	$ (7,898,972)	$	$ 38,512,952	$ 1,252
2007 Mobility Projects - Bonds	30,864,194	25,058,579	(8,154,184)		47,768,589	7,411,884
Animal Control Expansion		58,746			58,746	474,458
Animal Control Satellite Office	250	66,888			67,138	
Big Creek	2,137,832	241,123		(272,700)	2,106,255	300,338
Big Creek FBFCWSC - Bonds	11,676,161	64,522		272,700	12,013,383	300
Bridge Construction	24,067				24,067	8,155
CAD Expansion		5,140			5,140	26,568
Commissioners' Courtroom AV Upgrade		226			226	
Courthouse Renovation Grant	48,311	338,711			387,022	
Crabb River Rd Expansion	600,608	27,842			628,450	64,794
Employee Clinic		88,810			88,810	282,109
EMS Facility Prop 3 - Bonds		108,099			108,099	
Facilities - Eugene Heimann Circle - Bonds		36,357	(877)		35,480	
Facilities Tracking Software	26,500				26,500	26,900
Fairgrounds Renovations	178,237				178,237	
FM762 Landscaping		10,268			10,268	
GML Library Prop 2 - Bonds	717,827	10,318			728,145	
Integrated Library System - Polaris		98,998			98,998	22,571
JP2 Expansion	113,941	440,201			554,142	
Kitty Hollow Park Expansion		28,140			28,140	72,751
Lawson Upgrade		149,751			149,751	199,195
Parkway Road District - Bonds	3,704				3,704	
Phone System Upgrade	26,954	422,482			449,436	79,250
Senior Citizens' Community Center	167,511	18,179			185,690	138,920
Sugar Land Library Prop 2 - Bonds	708,162	6,557,110			7,265,272	
Sugarland Annex Parking Lot		52,154			52,154	
Tax Office Missouri City	802,523				802,523	
Taylor House	43,986	9,312			53,298	
Time Management System-GHG		1,040			1,040	
Travis Building Renovation		262,884			262,884	37,521
U of H Library	25,855				25,855	
Upper Oyster Creek	5,321,540	2,248,680			7,570,220	
Projects Completed in FY2011	62,115,119	21,043,825	(83,158,944)			344,813
Totals	$ 152,903,502	$ 66,560,089	$ (99,212,977)	$	$ 120,250,614	$ 9,491,779

Note 6 - Capital Assets (continued)

A summary of changes in the discretely presented component units (Fort Bend County Toll Road Authority and Fort Bend Grand Parkway Toll Road Authority) capital assets for the year ended September 30, 2011, is as follows:

	Discretely Presented Component Units			
	Balance 10/01/10	**Increases**	**Decreases**	**Balance 09/30/11**
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 2,694	$ 1,686,072	$	$ 1,688,766
Construction-in-progress		10,687,100	(814,638)	9,872,461
Total capital assets not being depreciated	2,694	12,373,172	(814,638)	11,561,227
Other capital assets:				
Infrastructure	167,192,767	817,332		168,010,099
Total other capital assets	167,192,767	817,332		168,010,099
Accumulated depreciation for:				
Infrastructure	(18,036,467)	(4,225,092)		(22,261,558)
Total accumulated depreciation	(18,036,467)	(4,225,092)		(22,261,558)
Other capital assets, net	149,156,300	(3,407,759)		145,748,541
Total Governmental Activities capital assets, net	$ 149,158,994	$ 8,965,413	$ (814,638)	$ 157,309,768

Depreciation expense for the Fort Bend County Toll Road Authority and the Fort Bend Grand Parkway Toll Road Authority totaled $4,225,092 for fiscal year 2011.

Construction-in-progress and remaining commitments under related construction contracts for the Fort Bend County Toll Road Authority and the Fort Bend Grand Parkway Toll Road Authority construction projects at September 30, 2011, is as follows:

2011 CONSTRUCTION COSTS

Project	Balance 10/01/10	Increases-Retainage Included	Decreases-Capitalizations	Balance 09/30/11	Remaining Commitments
Fort Bend County Toll System	$	$ 1,908,522	$ (814,638)	$ 1,093,884	$ 53,825
Grand Parkway Toll Road		8,778,578		8,778,578	5,180,620
Totals	$	$ 10,687,100	$ (814,638)	$ 9,872,461	$ 5,234,445

Note 7 - Long-Term Debt

A. General Obligation Bonds and Long-term Liabilities

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Long-term bonded debt at September 30, 2011, is as follows:

		Primary Government		
Original Issue	Description	Interest Rate %	Matures	Debt Outstanding
General Obligation Bonds				
$ 30,245,000	Unlimited Tax Road Bonds, Series 2006	4.00 - 5.00	2026	$ 25,110,000
9,675,000	Fort Bend Flood Control Water Supply Refunding Bonds, Series 2010	2.50 - 4.00	2021	9,605,000
26,000,000	Unlimited Tax Road Bonds, Series 2007	4.00 - 4.25	2027	22,330,000
126,675,000	Facilities Limited Tax Bonds, Series 2007	4.00 - 5.00	2031	126,245,000
48,940,000	Unlimited Tax Road Bonds, Series 2009	3.00 - 5.00	2029	45,665,000
73,430,000	Justice Center Limited Tax Bonds, Series 2009	3.00 - 5.25	2030	70,550,000
20,780,000	Unlimited Tax Road Refunding Bonds, Series 2009	3.00 - 5.00	2021	18,760,000
	Total General Obligation Bonds			$ 318,265,000

The County issues general obligation bonds primarily for the purpose of funding construction projects. The Facilities and Justice Center Limited Tax Bonds were issued to provide funds for the construction of major County facilities. The Unlimited Tax Road Bonds have been issued to fund the acquisition of right-of-way and the construction of roads and bridges that are within the County's major thoroughfare plan. The Fort Bend Flood Control Water Supply Bonds were issued to fund the improvement of the Drainage District infrastructure.

All of the County's outstanding bond issues are subject to federal arbitrage regulations. The County complies with the five year reporting requirements to the Internal Revenue Service for rebate calculation. As of the date of this report, the County has no contingent rebatable arbitrage.

Note 7 - Long-Term Debt (continued)

A. General Obligation Bonds and Long-term Liabilities (continued)

A summary of long-term liability transactions of the County for the year ended September 30, 2011, follows:

	Balance 10/01/10	Additions	Retirements	Balance 09/30/11	Amounts Due Within One Year
General obligation bonds	$ 331,410,000	$ 9,675,000	$ 22,820,000	$ 318,265,000	$ 13,300,000
Premiums on bonds	12,038,573	784,853	780,175	12,043,251	
Totals	343,448,573	10,459,853	23,600,175	330,308,251	13,300,000
Accrued compensated absences	5,392,775	5,864,991	5,697,332	5,560,434	1,390,109
Other post-employment benefits (OPEB) obligation	75,112,628	26,647,414		101,760,042	
Totals	80,505,403	32,512,405	5,697,332	107,320,476	1,390,109
Total Long-Term Liabilities	$ 423,953,976	$ 42,972,258	$ 29,297,507	$ 437,628,727	$ 14,690,109

In prior years, the General Fund's resources have been used to liquidate other long-term liabilities, including accrued compensated absences.

Annual debt service requirements to maturity for the general obligation bonds are summarized as follows:

	Principal	Interest	Totals
2012	$ 13,300,000	$ 14,698,760	$ 27,998,760
2013	13,725,000	14,154,579	27,879,579
2014	14,295,000	13,541,073	27,836,073
2015	14,740,000	12,935,873	27,675,873
2016	15,185,000	12,317,610	27,502,610
2017-2021	82,525,000	50,561,027	133,086,027
2022-2026	87,810,000	29,979,841	117,789,841
2027-2031	76,685,000	8,219,120	84,904,120
Totals	$ 318,265,000	$ 156,407,883	$ 474,672,883

Note 7 - Long-Term Debt (continued)

A. General Obligation Bonds and Long-term Liabilities (continued)

Discretely presented component unit (Fort Bend County Toll Road Authority) long-term bonded debt as of September 30, 2011, is listed below:

Discretely Presented Component Unit				
Original Issue	Description	Interest Rate %	Matures	Debt Outstanding
General Obligation Bonds				
$ 63,695,000	Unlimited Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2003	4.00 - 5.00	2032	$ 62,695,000
72,195,000	Unlimited Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2004	3.63 - 5.00	2032	71,795,000
	Total General Obligation Bonds			$ 134,490,000

A summary of long-term liability transactions of the discretely presented component unit for the year ended September 30, 2011, follows:

	Balance 10/01/10	Additions	Retirements	Balance 09/30/11	Amounts Due Within One Year
General obligation bonds	$ 135,890,000	$	$ 1,400,000	$ 134,490,000	$ 1,645,000
Premiums on bonds	3,145,014		142,955	3,002,059	
Totals	$ 139,035,014	$	$ 1,542,955	$ 137,492,059	$ 1,645,000

Annual debt service requirements to maturity the general obligation bonds are summarized as follows:

	Principal	Interest	Totals
2012	$ 1,645,000	$ 6,665,741	$ 8,310,741
2013	1,900,000	6,596,050	8,496,050
2014	2,345,000	6,499,425	8,844,425
2015	2,820,000	6,370,300	9,190,300
2016	3,530,000	6,209,138	9,739,138
2017-2021	27,160,000	27,425,988	54,585,988
2022-2026	36,840,000	19,352,750	56,192,750
2027-2031	47,310,000	8,882,750	56,192,750
2032-2036	10,940,000	273,500	11,213,500
Totals	$ 134,490,000	$ 88,275,642	$ 222,765,642

Note 7 - Long-Term Debt (continued)

A. General Obligation Bonds and Long-term Liabilities (continued)

On October 12, 2010, the Fort Bend Flood Control Water Supply Corporation ("FBFCWSC") issued $9,675,000 of Revenue Refunding Bonds to refund and defease the FBFCWSC's outstanding Revenue Bonds, Series 2001 of $10,070,000. This advance refunding was undertaken to reduce total debt service payments over the next 10 years by $1,380,843 and resulted in an economic gain of $1,269,369.

B. Conduit Debt

The Fort Bend County Housing Finance Corporation is authorized to finance residential housing by issuing tax-exempt revenue bonds to acquire mortgage loans as security for the payment of the principal and interest of such revenue bonds. The tax-exempt bonds issued by the Corporation do not constitute a debt or pledge of faith of the Corporation, but are payable by the user pursuant to terms defined in the loan agreement underlying each issue. As of September 30, 2011, $11,019,851 of total bonds are outstanding.

The Fort Bend County Industrial Development Corporation is authorized to finance industrial development projects as defined by the Development Act of 1979 by issuing bonds. The bonds issued by the Corporation do not constitute a debt or pledge of faith of the Corporation, but are payable by the user pursuant to terms defined in the loan agreement underlying each issue. During 2011, the corporation issued Recovery Zone Facility Bonds (Accredo Packaging, Inc. Project), Series 2010 bonds in the amount of $11,500,000. As of September 30, 2011, $13,838,919 of total bonds are outstanding.

Note 8 - Employee Retirement System

A. Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 493 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire with eight or more years of service at age 60 and above, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Note 8 - Employee Retirement System (continued)

A. Plan Description (continued)

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

B. Contributions

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. It was 10.65% for calendar year 2011. The contribution rate payable by the employee members is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

The County's total payroll in fiscal year 2011 was $108.1 million and the County's contributions were based on a payroll of $106.7 million. Contributions made by employees totaled $7.5 million, and the County made contributions of $11.4 million during the fiscal year ended September 30, 2011.

Three-year trend information for the Pension Plan is presented below:

	2011	2010	2009
Annual Pension Cost (APC)	$ 11,418,711	$ 11,235,138	$ 10,187,718
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation at the End of Period	0	0	0

For the year ended September 30, 2011, the pension cost for the TCDRS plan and the actual contributions made were $11,418,711. Because all contributions are made as required, no pension obligation existed at September 30, 2011.

Actuarial Information	12/31/2010
Actuarial cost method	Entry age
Amortization method	level percentage of payroll, closed
Amortization period	20 years
Asset valuation method	SAF: 10-year smoothed value ESF: Fund value
Assumptions:	
Investment return	8.0%
Projected salary increases	5.4%
Inflation	3.5%
Costs-of-living adjustments	0.0%

Note 8 - Employee Retirement System (continued)

C. Funded Status and Funding Progress

A schedule of funded status as of the most recent actuarial valuation is as follows:

Schedule of Funding Information		
Actuarial valuation date		12/31/2010
Actuarial value of assets	$	257,926,802
Actuarial accrued liability (AAL)	$	307,767,507
liability (UAAL or OAAL)	$	49,840,705
Funded ratio		83.81%
Annual covered payroll (actuarial)	$	106,041,139
UAAL or OAAL as % of covered payroll		47.00%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for the benefits.

Note 9 - Deferred Compensation Plan

The County offers all of its full-time employees a deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code. Nationwide Retirement Solutions, Security Benefit Life, and Edward Jones have been appointed as plan administrators. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or emergency. Amounts of compensation deferred by employees under the plan provisions are disbursed to the plan administrators after each pay period. The plan administrators hold all funds invested in the plan and disburse funds to employees in accordance with plan provisions. The County does not maintain significant oversight of the plan administrators' activities.

Note 10 - Other Post-Employment Benefits

A. Plan Description

In addition to providing pension benefits through the Texas County and District Retirement System, the County sponsors and administers a single-employer defined benefit health care plan titled "Fort Bend County Employee Benefit Plan" ("Plan"). The Plan was established and approved by Fort Bend County Commissioners Court and Chapter 175 of the Local Government Code which provides eligible employees, retirees, and their eligible dependents with the following post-employment benefits:

- Eligible retirees have a portion of their medical and dental insurance premiums paid by the County for participation with the County's healthcare provider; and at the County's cost to cover current employees

- Eligible dependents of retirees have a portion of their medical and dental insurance premiums paid by the County for participation with the County's healthcare provider; and at the County's cost to cover current employees

The Plan does not issue a separate, publicly available report.

Note 10 - Other Post-Employment Benefits (continued)

B. Funding Policy and Contribution Rates

The contribution requirements of the County and plan members are established and may be amended by Commissioners Court. These contributions are neither guaranteed nor mandatory. The County has retained the right to unilaterally modify its payments toward retiree healthcare benefits. The Plan provides for the payment of a portion of the health and dental insurance premiums for eligible retired employees and their dependents. Plan members receiving benefits contribute a percentage of the monthly insurance premium. Currently, the Plan pays a portion of the retiree's premiums, as well as his or her dependent coverage. The retiree contributes the premium cost each month, less the Plan subsidy.

The County is statutorily required to permit retiree participation in the health insurance program on a pooled non-differentiated basis. The County, therefore, charges both groups an equal, blended rate premium. Although both groups are charged the same rate, GAAP requires the actuarial figures to be calculated using age adjusted premiums approximating claim costs for retirees separately from active employees. The use of age adjusted premiums results in the addition of an implicit rate subsidy into the actuarial accrued liability. However, the County has elected to contribute to the Plan at a rate that is based on an actuarial valuation prepared using the blended rate premium that is actually charged to the Plan.

The County recognizes its share of the costs of providing these benefits when paid, on a "pay-as-you-go" basis. These payments are budgeted annually. At September 30, 2011, there were 365 retirees receiving benefits and approximately 2,275 active members not yet eligible to receive such benefits. Commencing in fiscal 2008, the County implemented GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions." The County has performed an actuarial valuation of its post-retirement benefit liability. The financial statement disclosures for 2011 are as follows:

Note 10 - Other Post-Employment Benefits (continued)

C. Annual OPEB Costs and Net OPEB Obligation

For fiscal year 2011, the County's annual OPEB cost for the Plan was $31,751,414. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended September 30, 2011, were as follows:

	Fiscal Year Ending 9/30/11
Determination of Annual Required Contribution	
Normal Cost at Fiscal Year End	$ 17,130,282
Amortization of Unfunded Actuarial Accrued Liability	15,793,330
Annual Required Contribution (ARC)	32,923,612
Determination of Net OPEB Obligation	
Annual Required Contribution	32,923,612
Interest on prior-year Net OPEB Obligation	3,004,505
Adjustment to ARC	(4,176,703)
Annual OPEB Cost	31,751,414
Less Assumed Contributions Made	(5,104,000)
Estimated Increase in Net OPEB Obligation	26,647,414
Net OPEB Obligation - Beginning of Year	75,112,628
Net OPEB Obligation - End of Year	$ 101,760,042
Percentage of OPEB Cost Contributed	16.1%

D. Trend Information

The following table shows the annual OPEB cost and net OPEB obligation for the prior three years assuming the plan is not prefunded (4% discount):

Fiscal Year Ended	Discount Rate	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2009	4%	$ 26,608,211	7.3%	$ 48,819,922
2010	4%	$ 30,699,706	14.4%	$ 75,112,628
2011	4%	$ 31,751,414	16.1%	$ 101,760,042

Note 10 - Other Post-Employment Benefits (continued)

E. Funded Status and Funding Progress

A schedule of funded status as of the most recent actuarial valuation is as follows:

Actuarial valuation date		October 1, 2009
Actuarial value of plan assets (a)		$0
Actuarial accrued liability (AAL) (b)	$	240,282,297
Unfunded/(Overfunded) actuarial accrued liability (UAAL or OAAL) (b-a)	$	240,282,297
Funded Ratio (a/b)		0.0%
Annual Covered Payroll (c)	$	104,983,019
UAAL or OAAL as % of covered payroll ((b-a)/c)		228.9%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

F. Actuarial Methods and Assumptions

The actuarial cost method used for determining the benefit obligations is a Projected Unit Credit Cost Method. Under this method, the actuarial present value of projected benefits is the value of benefits expected to be paid for current actives and retirees and is calculated based on certain assumptions and census data. The Actuarial Accrued Liability (AAL) is the actuarial present value of benefits attributed to employee service rendered prior to the valuation date. The AAL equals the present value of benefits multiplied by a fraction equal to service to date over service at expected retirement. The Normal Cost is the actuarial present value of benefits attributed to one year of service. This equals the present value of benefits divided by service at expected retirement. Since retirees are not accruing any more service, their normal cost is zero. In determining the Annual Required Contribution, The Unfunded AAL is amortized as a level dollar over 30 years. The actuarial assumptions included a 4% per annum discount rate for valuing liabilities. Employees eligible for retiree medical benefits assumed to elect continued medical coverage in retirement for themselves and their spouses is 100% and 40% respectively. The valuation assumes a 4.9% to 8.5% healthcare cost trend increase beginning in fiscal year 2010 based on the premiums of the respective plan types, reduced by decrements to rates of 4.9% to 6.1% after 7 years.

Note 11 – Net Pension Obligation and Other Post-Employment Benefits Funding in Prior Years

The governmental funds that have been used to fund the net pension obligation and other post-employment benefit obligations in prior years have been General Fund and Drainage. Drainage has only funded these obligations for retirees that worked for that department through the date of their retirement. All other obligations for retirees have been funded within General Fund.

Note 12 – Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of September 30, 2011, fund balance for the government fund is made up of the following:

Nonspendable Fund Balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance - includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the County's highest level of decision-making authority, the County's Board. Commitments may be changed or lifted only by the County taking the same formal action that imposed the constraint originally.

Assigned Fund Balance – comprises amounts intended to be used by the County for specific purposes that are neither restricted nor committed. *Intent* is expressed by (1) the County's Board or (b) a body (for example: a budget or finance committee) or official to which the County's Board has delegated the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

GASB 54 requires disclosure of any formally adopted minimum fund balance policies. The County's policy is to budget to maintain a minimum fund balance of 15% of the County's General Fund annual operating expenditures. If the actual fund balance drops below 15%, it shall be budgeted for recovery the following year. This policy is reviewed annually.

Fund balances for all the major and non-major governmental funds as of September 30, 2011, were distributed as shown on the following page:

Note 12 – Fund Balances (continued)

	General	Debt Service	Other Governmental Funds	Total
Nonspendable:				
Prepaid expenses	$ 136,007	$	$ 69,379	$ 205,386
Subtotal	136,007		69,379	205,386
Restricted for:				
General administration			2,650,738	2,650,738
Financial administration			25,108	25,108
Administration of justice			3,222,487	3,222,487
Construction and maintenance			24,035,147	24,035,147
Health and welfare			141,149	141,149
Public safety			4,288,171	4,288,171
Library			138,865	138,865
Debt service		5,181,758		5,181,758
Subtotal		5,181,758	34,501,665	39,683,423
Committed to:				
Capital projects	33,106,759			33,106,759
Subtotal	33,106,759			33,106,759
Unassigned	10,816,215		(4,419,144)	6,397,071
Total Fund Balances	$ 44,058,981	$ 5,181,758	$ 30,151,900	$ 79,392,639

Note 13 - Contingencies and Commitments

A. Construction Contract Commitments

The County had several capital improvement commitments at September 30, 2011. A contract between two parties does not result immediately in the recognition of a liability. Instead, a liability is incurred when performance has occurred under the contract. Until such time as performance takes place, these contracts represent a commitment rather than a liability. These commitments and their related construction-in-progress are summarized in Note 6.

B. Litigation and Other Contingencies

The County is contingently liable with respect to lawsuits and other claims in the ordinary course of its operations. The settlement of such contingencies under the budgetary process would not materially affect the financial position of the County as of September 30, 2011.

Note 14 - Risk Management

The County is exposed to various risks related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County's risk management program encompasses various means of protecting the County against loss through self-insurance and obtaining property, casualty, and liability coverage through commercial insurance carriers. Settled claims have not exceeded insurance coverage in any of the previous three fiscal years. There has not been any significant reduction in insurance coverage from that of the previous year.

Note 14 - Risk Management (continued)

Liabilities have been recorded for workers' compensation, auto liability, general liability, and employee benefits. These liabilities are recorded when it is probable that a loss has occurred and the amount can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends, and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses regardless of whether allocated to specific claims. Non-incremental claim adjustment expenses have not been included as part of the liability for claims and judgments. However, estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Changes in the balances of claims liabilities during the past two years are as follows:

	Year ended 9/30/2011	Year ended 9/30/2010
Unpaid claims, beginning of year	$ 7,150,314	$ 5,706,627
Incurred claims (including IBNRs)	26,968,699	26,418,069
Claim payments	(26,378,579)	(24,974,382)
Unpaid claims, end of year	$ 7,740,434	$ 7,150,314

Note 15 – Deficit Net Assets

As of September 30, 2011, Other Self-Funded Insurance Fund has deficit net assets of $2,507,201. This was caused by increased workers' compensation claims during fiscal year 2010. Management plans to increase the allocation for Other Self-Funded Insurance by 33% annually over the next three years to eliminate this deficit net assets balance.

As of September 30, 2011, the Fort Bend Grand Parkway Toll Road Authority has deficit net assets of $3,745,020. This was caused by loans from the Fort Bend County Toll Road Authority and the County General Fund to begin construction of the Fort Bend Grand Parkway Toll Road. The issuance of bonds in fiscal year 2012 will allow for these loans to be repaid and eliminate this deficit net assets balance.

Note 16 – Deficit Fund Balance

As of September 30, 2011, Mobility 2009 Projects fund has a deficit fund balance of $4,418,611. This was caused by a loan from General Fund to continue the road construction projects after the bond proceeds were exhausted. The issuance of the next mobility bonds will allow for this loan to be repaid and the elimination of the fund balance deficit.

Note 17 – Restatement of Beginning Net Assets

During the 2011 fiscal year, the County made adjustments to its capital asset records. As a result of these adjustments, the County has restated its beginning capital asset amounts for construction in progress, vehicles, office furniture and equipment, road equipment, and buildings-facilities-and improvements by ($511,313), ($696,472), $33,855, $915,335, and $314,959 respectively. Accumulated depreciation for vehicles, office furniture and equipment, road equipment, and buildings facilities and improvements by $864,752, ($17,539), $892,029, and $2,144 respectively. Therefore, governmental activities beginning net assets total was increased by $9,403.

Note 18 - Subsequent Event

Fort Bend County has plans for three bond sales in fiscal year 2012. The next issue of mobility bonds approved by voters in May 2007 is planned for April 2012 in the amount of $65 million in unlimited tax road bonds. The Fort Bend County Toll Road Authority plans to issue $20 million in revenue bonds during the summer of 2012 for the State Highway 6 underpass as an extension of the Fort Bend Parkway Toll Road. The Fort Bend Grand Parkway Toll Road Authority plans to issue $175 million in revenue bonds for the construction of tolled overpasses along State Highway 99 from US 59 to the Westpark Tollway.

Note 19 – Fort Bend County Toll Road Authority Capital Asset Adjustment

A portion of the depreciable capital asset for the Fort Bend County Toll Road Authority (Authority) will be reclassified as non-depreciable in fiscal year 2012 on the Statement of Net Assets. This reclassification relates to the acquisition of right of way for the Toll Road System during fiscal years 2003 and 2004. This adjustment will require a correction of depreciation expense that was previously taken on these non-depreciable capital acquisitions in fiscal years 2005 through 2011 on the Statement of Changes in Net Assets. The analysis and identification of these non-depreciable capital acquisitions for the Toll Road System are being performed by the Authority and will be completed and presented to the County Auditor in fiscal year 2012 for correction.

APPENDIX D

EXCERPTS FROM THE AUTHORITY'S FINANCIAL REPORT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2011

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
FINANCIAL REPORT
For the Year Ended September 30, 2011

Prepared by:

Fort Bend County Auditor's Office

Robert Ed Sturdivant, CPA

County Auditor

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
TABLE OF CONTENTS

	Page(s)
INTRODUCTORY SECTION	
Letter of Transmittal	i-iii
FINANCIAL SECTION	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-5
Basic Financial Statements	
Statement of Net Assets	9
Statement of Activities	10
Statement of Cash Flows	11
Notes to the Financial Statements	12-15

COUNTY AUDITOR
Fort Bend County, Texas

Robert Ed Sturdivant
County Auditor

281-341-3769, 281-341-3744 (fax)
sturdrob@co.fort-bend.tx.us

February 29, 2012

To the Board of Directors of the Fort Bend Grand Parkway Toll Road Authority, Members of the Commissioners' Court, and Citizens of Fort Bend County, Texas:

The Fort Bend County Auditor's Office is pleased to present the Basic Financial Statements of the Fort Bend Grand Parkway Toll Road Authority ("Authority"), a component unit of Fort Bend County ("County"), for the fiscal year ended September 30, 2011. This report is submitted in accordance with Section 114.025 of the Texas Local Government Code and was prepared by the staff of the County Auditor's Office.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Sandersen Knox and Company, LLP has issued an unqualified (or "clean") opinion on the Authority's financial statements for the year ended September 30, 2011. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis ("MD&A") immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Authority

In 2007, during the 80th Texas Legislature, Senate Bill 792 was signed into law giving counties the option to take over development of the Grand Parkway from the Texas Department of Transportation (TxDOT). In September of 2009, Fort Bend County Commissioner's Court ("Court") signed their order to assume the responsibility of financing, designing, constructing, operating and tolling Segment D of the Grand Parkway. The Authority was created by the Court as a local government corporation pursuant to the Texas Transportation Code.

The Authority, located in Sugar Land, Texas, is underway with this new key mobility project for the County; Segment D of the Grand Parkway. Segment D of the Grand Parkway will be the third such effort by the County to provide alternative transportation options for Fort Bend County residents and the greater Houston area in the form of a toll road.

In May of 2011, the Authority executed the "Right of Use" agreement with TxDOT allowing the Authority to use state highway right-of-way (ROW) and giving the green light to begin construction of the nine (9) new tolled overpasses and eight (8) miles of main-lane development that ultimately create Segment D of the Grand Parkway. Construction of the first two overpasses began in August of 2011 with the additional overpasses and main-lanes construction to begin early summer of 2012.

Local Economy

The County continues to experience the impact of the national economic slowdown. The impact of the slowdown is evident in the reduction in new home sales, a slightly lower increase in the labor force, and an increase in the unemployment rate. However, this has not decreased the demand for mobility improvements by the citizens of the County. The Authority plans to use a conservative approach to the allocation of resources to serve the County's needs in relation to the development of the Grand Parkway Toll Road to ensure that the County is prepared as the economic slowdown continues. This ongoing conservative approach will not change the Authority's focus on providing the level of service demanded by the residents of the County.

Long-Term Financial Planning and Relevant Financial Policies

Budget

The Authority adopts a one-year budget through its fully coordinated financial planning process. The budget implements strategies, both financial and operational, identified through the strategic and long-range planning process to meet existing challenges and to effectively plan for future needs. The budget is a financial plan for a fiscal year of operations that matches all planned revenues and expenses with the services provided the citizens of the County based on the established budget policy. Decisions are not based solely on current conditions but on the long-term welfare of the community. The budget is developed and resources allocated based on the vision, mission, and goals of the Authority and County.

Long-Term Comprehensive Plan

The Authority's long-term plan is to manage, maintain, and expand the Grand Parkway Toll Road by adding tolled overpasses to the existing road to enhance the County's master thoroughfare system.

Capital Improvement Program

The Authority maintains a multi-year Capital Projects Plan that includes toll road mobility projects.

These capital initiatives involve the construction of tolled overpasses at West River Park, New Territory Blvd., US90A/FM1464, West Airport, Harlem Road, Mason Road, West Belfort/Morton Road, Peek Road (design only), Bellaire Blvd., and FM1093/Westpark Tollway.

Debt Policy

The purpose of the County's Debt Policy (which includes the Authority) is to establish guidelines for the utilization of debt instruments issued by the County and Authority whether payable from County taxes or payable from certain revenues of the County or Authority.

The County and Authority will ensure all uses of debt instruments are in compliance with all statutory requirements, and in accordance with the guidelines, outstanding ordinances, insurance covenants, and existing agreements. Further, the County and Authority will ensure that the utilization of any debt instrument provides the most prudent and cost-effective funding possible, taking all material matters into

account.

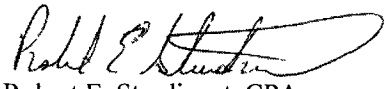
Major Initiatives

Mobility remains one of the top priorities of the Authority as the County continues to grow and develop. With the major roadways already heavily congested, mobility has been, and continues to be, a primary concern. Continued residential and commercial expansion has increased the use of County roads. Right-of-way acquisitions for future roads have required more focus on future planning to prevent project delays. Completed toll road projects have proven to be effective in reducing congestion and enhancing safety within the County.

Acknowledgements

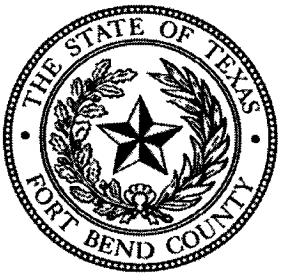
The preparation of this report could not be achieved without the efficient and dedicated services of the staff of the County Auditor's Office and Sandersen Knox & Company, LLP, our independent auditor.

Respectfully submitted,



Robert E. Sturdivant, CPA
County Auditor
Fort Bend County, Texas

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY MISSION STATEMENT
The Fort Bend Grand Parkway Toll Road Authority (FBGPTRA) was created by the Fort Bend County Commissioners Court as a local government corporation pursuant to the Texas Transportation Code, to aid, assist, and act on behalf of the County in the performance of its essential government purposes, including toll road projects.


THE STATE OF TEXAS
FORT BEND COUNTY

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Fort Bend Grand Parkway Toll Road Authority
Fort Bend County, Texas

We have audited the accompanying financial statements of the Fort Bend Grand Parkway Toll Road Authority (the "Authority") as of and for the year ended September 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1A, the financial statements present only the Authority and do not purport to, and do not, present fairly the financial position of Fort Bend County, Texas, as of September 30, 2011, and the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2011, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's financial statements as a whole. The introductory section is presented for purposes of additional analysis and is not a required part of the financial statements. The introductory section has not been

subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

DRAFT

Sugar Land, Texas
February 29, 2012

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Fort Bend Grand Parkway Toll Road Authority ("Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, liabilities exceeded assets by $3,745,020 at the close of the most recent fiscal year.

As of September 30, 2011, the Authority's net assets included $8,778,577 for investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Authority had $12,523,669 in other liabilities for short-term borrowings from the Fort Bend County Toll Road Authority ($2 million) and Fort Bend County (approximately $10.3 million). The Authority uses capital assets to provide services to citizens. Consequently, these assets are not available for future spending.

Since the Authority had no financial activity prior to the fiscal year ended September 30, 2011, there is no comparative information to report until the fiscal year ended September 30, 2012.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
CONDENSED STATEMENT OF NET ASSETS
September 30, 2011

	2011
Current and other assets	$ 72
Capital assets, net	8,778,577
Total Assets	8,778,649
Long-term liabilities	
Other liabilities	12,523,669
Total Liabilities	12,523,669
Net Assets:	
Invested in capital assets, net of related debt	8,778,577
Unrestricted	(12,523,597)
Total Net Assets	$ (3,745,020)

The Authority's liabilities exceeded its assets by $3,745,020. This deficit is due to the Authority using short-term financing to achieve all operating and capital activities.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
For the year ended September 30, 2011

	2011
Revenues	
Non-operating revenues:	
Miscellaneous income	$ 72
Total Revenues	72
Expenses	
Operating expenses:	
Fees	3,712,411
Operating interest	32,681
Total Expenses	3,745,092
Change in Net Assets	(3,745,020)
Net Assets, Beginning	
Net Assets, Ending	$ (3,745,020)

At the end of the current fiscal year, the Authority reported a deficit balance in net assets of $3,745,020.

The Authority has no completed components as of September 30, 2011 therefore no operating revenues were recognized. The key element of the decrease in net assets was due to approximately $3.7 million in fees for consulting, engineering, legal, and administrative activities.

Capital Assets and Debt Administration

Capital Assets - At the end of fiscal year 2011, the Authority had $8,778,577 invested in toll road construction in progress, as reflected in the following schedule.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY'S
CAPITAL ASSETS

	2011
Non-Depreciable Capital Assets	
Construction in progress	$ 8,778,577
Totals	$ 8,778,577

Additions to toll road construction in progress were the result of construction activities on the West River Park, and West Airport overpasses.

Economic Factors

The County continues to enjoy growth in various demographic areas during this ongoing economic slowdown.

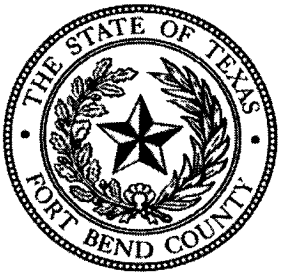
The population of the County is estimated at 606,786 in 2011 and is expected to grow by 4.44% annually through 2015. Total employment is estimated at 235,961 in 2011 and is expected to grow by 3.37% annually over the same period.

The number of households has increased to 195,264 in 2011 and is expected to grow to 230,330 by 2015. Mean household income for 2011 is $129,337 and is estimated to rise to $146,579 by 2015. Income per capita is currently at $41,986 and is expected to grow to $48,116 by 2015. Retail sales increased by 7.8% to $6.19 billion in 2011 and are expected to grow to $7.37 billion by 2015.

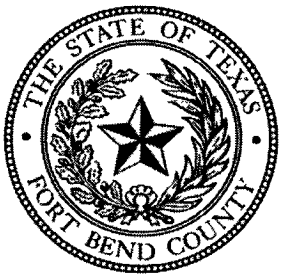
Mobility improvements continue to be a demand from the residents of Fort Bend County. The Authority is proceeding with several toll road projects that will enhance and compliment the County's road system.

Requests for Information

This financial report is designed to provide a general overview of Authority's finances for all of those with an interest in the Authority's finances. Questions concerning this report or requests for additional financial information should be directed to Ed Sturdivant, County Auditor, 301 Jackson, Suite 533, Richmond, TX 77469, telephone (281) 341-3760.


THE STATE OF TEXAS
FORT BEND COUNTY

BASIC FINANCIAL STATEMENTS


THE STATE OF TEXAS
FORT BEND COUNTY

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY

STATEMENT OF NET ASSETS

September 30, 2011

Assets	
Cash and cash equivalents	$ 72
Capital assets, not subject to depreciation	8,778,577
Total Assets	8,778,649
Liabilities and Net Assets	
Liabilities	
Due to primary government	10,286,786
Due to Fort Bend County Toll Road Authority	2,000,000
Retainage payable	204,202
Accrued interest payable	32,681
Total Liabilities	12,523,669
Net Assets	
Invested in capital assets, net of related debt	8,778,577
Unrestricted	(12,523,597)
Total Net Assets	$ (3,745,020)

The accompanying notes are an integral part of these financial statements.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2011

Operating Expenses	
Fees	$ 3,712,411
Operating interest	32,681
Total Operating Expenses	3,745,092
Operating (Loss)	(3,745,092)
Non-Operating Revenues	
Miscellaneous income	72
Total Non-Operating Revenues	72
Change in Net Assets	(3,745,020)
Total Net Assets, Beginning of Year	
Total Net Assets, End of Year	$ (3,745,020)

The accompanying notes are an integral part of these financial statements.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2011

Cash Flows from Operating Activities	
Payment of toll operation expenses	$ (3,540,890)
Receipts from miscellaneous income	72
Net Cash (Used) by Operating Activities	(3,540,818)
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	(8,778,578)
Advance from Fort Bend County Toll Road Authority	2,025,125
Advance from primary government	10,294,343
Net Cash Provided by Capital and Related Financing Activities	3,540,890
Net Increase in Cash and Cash Equivalents	72
Cash and Cash Equivalents, Beginning of Year	
Cash and Cash Equivalents, End of Year	$ 72
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities	
Operating (Loss)	$ (3,745,092)
Adjustments to operations:	
Other non-operating revenues	72
Change in assets and liabilities:	
Increase in retainage payable	204,202
Total adjustments	204,274
Net Cash (Used) by Operating Activities	$ (3,540,818)

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Fort Bend Grand Parkway Toll Road Authority ("Authority") is organized under the Texas Transportation Corporation Act and the Texas Non-Profit Corporation Act. The Authority was created to assist in the planning, designing, financing and building of Grand Parkway/State Highway 99. In particular, the Authority is to assist in the building and operation of the Grand Parkway Toll Road. This Toll Road system includes tolled overpasses at West River Park, New Territory Blvd., US90A/FM1464, West Airport, Harlem Road, Mason Road, West Belfort/Morton Road, Peek Road (design only), Bellaire Blvd., and FM1093/Westpark Tollway.

Based on criteria prescribed by generally accepted accounting principles, the Authority is considered a discretely presented component unit of Fort Bend County, Texas ("the County"). The primary criteria for the inclusion of the Authority in the County's reporting entity is that of financial accountability. The Commissioners' Court, the elected governing body of the County, appoints the Authority's governing body. The County has financial accountability because it appoints a voting majority of the Board and the County can impose its will. As such, the County is financially accountable for the Authority and the Authority is considered a discretely presented component unit of the County.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accompanying basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. With this measurement focus, all assets and all liabilities associated with the operations of these activities are included in the statement of net assets.

C. Cash and Cash Equivalents

The Authority's cash and cash equivalents consist of demand deposits and investment pools.

D. Receivables

Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

E. Capital Assets

Capital assets consist of infrastructure that is used in the Authority's operations. All capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their estimated fair value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and the resulting gain or loss is included in the results of operations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Capital Assets (continued)

The Authority applies a half-year convention for depreciation on all assets. Therefore, one-half year of depreciation is charged to operations the first and last year that an asset is in service. Depreciation is computed using the straight-line method over an estimated useful life of 20 to 40 years.

F. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

G. Restricted/Unrestricted Net Assets

It is the Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

H. Date of Management's Review

In preparing the financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through February 29, 2012, the date that the financial statements were available to be issued.

NOTE 2 - DEPOSITS (CASH) AND INVESTMENTS

A. Authorization for Deposits and Investments

The Texas Public Funds Investment Act (PFIA), as prescribed in Chapter 2256 of the Texas Government Code, regulates deposits and investment transactions of the Authority.

In accordance with applicable statutes, the County has a depository contract with an area bank (depository) providing for interest to be earned on deposited funds and for banking charges the Authority incurs for banking services received. The Authority may place funds with the depository in interest and non-interest bearing accounts. State law provides that collateral pledged as security for bank deposits must have a market value of not less than the amount of the deposits and must consist of: (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas; and/or (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent. County policy requires the collateralization level to be at least 110% of market value of principal and accrued interest.

Commissioners' Court has adopted a written investment policy regarding the investment of the Authority's funds as defined by the Public Funds Investment Act (Chapter 2256, Texas Government Code). The investments of the Authority are in compliance with this policy.

NOTE 2 - DEPOSITS (CASH) AND INVESTMENTS (continued)

B. Concentration of Credit Risk

It is the County's policy to diversify its portfolio to eliminate the risk of loss resulting from a concentration of assets in a specific maturity (save and except zero duration funds), a specific issuer or a specific class of investments. The County manages adherence to this policy for the Authority. To achieve this diversification, the County will limit investments in specific types of securities to the following percentages of the total portfolio:

Investment Type	Maximum Investment %
Repurchase Agreements	up to 35%
Certificates of Deposit	up to 50%
U.S. Treasury Bills/Notes	up to 100%
Other U.S. Government Securities	up to 80%
Authorized Local Government Investment Pools	up to 80%
No Load Money Market Mutual Funds	up to 50%
Bankers Acceptances	up to 15%

At September 30, 2011, 100% of the Authority's cash and cash equivalents were contained in demand deposit accounts.

C. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The County monitors interest rate risk for the Authority by utilizing weighted average maturity analysis. In accordance with its investment policy, the County reduces its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio as a whole to no more than 3 years. At year-end, the Authority's cash and investment balances and the weighted average maturity of these investments were as follows:

	Fair Value	Weighted Average Maturity	Percentage of Total Portfolio
Demand Deposits	$ 72	1	100.0%
Total Cash and Cash Equivalents	$ 72		
Portfolio weighted average maturity (days)		1	

NOTE 3 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended September 30, 2011 is as follows:

	Balance 10/01/10	Increases	Decreases	Balance 09/30/11
Business-type Activities:				
Capital assets not being depreciated:				
Construction in progress	$	$ 8,778,577	$	$ 8,778,577
Total capital assets not depreciated		8,778,577		8,778,577
Total capital assets	$	$ 8,778,577	$	$ 8,778,577

Additions to toll road construction in progress were the result of construction activities on the West River Park, and West Airport overpasses. There are also contract commitments of approximately $5.2 million as of the end of fiscal year 2011.

NOTE 4 - CONTINGENCIES AND COMMITMENTS

Litigation and Other Contingencies

The Authority is contingently liable with respect to lawsuits and other claims in the ordinary course of its operations. The settlement of such contingencies under the budgetary process would not materially affect the financial position of the Authority as of September 30, 2011.

NOTE 5 – ADVANCE FUNDING / NEGATIVE NET ASSETS

During the year ended September 30, 2011, the Authority received advance funding from the Fort Bend County Toll Road Authority to begin construction of the tolled overpasses along Grand Parkway. No bonds have been issued to fund the construction that was underway at September 30, 2011. Due to the advance funding and planned bond issuance during fiscal year 2012, the Authority has a negative asset balance at September 30, 2011.

NOTE 6 – SUBSEQUENT EVENTS

The Authority has begun the construction of the West River Park and West Airport overpasses. Over the next eighteen months the Authority will complete overpasses at New Territory Blvd., US90A/FM1464, Harlem Road, Mason Road, West Belfort/Morton Road, Peek Road (design only), Bellaire Blvd., and FM1093/Westpark Tollway. The Authority plans to issue bonds to fund these overpasses in fiscal year 2012.

(This page intentionally left blank.)

APPENDIX E

GLOSSARY OF TERMS

The following sets forth certain definitions used in this Official Statement. Reference is made to the Indenture, copies of which may be obtained from the Authority, for a full and complete statement of its provisions. The definitions below have been excerpted from the Indenture which is in substantially final form, but may change prior to the closing and may thereafter be amended in accordance with its terms. A summary of the Master Indenture is included in APPENDIX F. See also the section captioned "SECURITY AND SOURCE OF PAYMENT."

"Account" or "Accounts" shall mean anyone or more, as the case may be, of the separate special accounts created and established in Section 502 of the Indenture.

"Accountant" shall mean any certified public accountant or firm of certified public accountants or accounting corporation of recognized experience and qualifications, selected by the Authority and may be the accountant or firm of accountants that regularly audits the books of the Authority.

"Accountant's Certificate" shall mean a certificate signed by the Accountant.

"Act" shall mean collectively Chapter 284, Texas Transportation Code, Chapter 431 Transportation Code and Chapters 1201, 1207, 1371 and 1431, Texas Government Code, as amended.

"Additional Subordinate Lien Bonds" shall mean the additional subordinate lien revenue bonds, notes and obligations permitted to be issued by the Authority pursuant to Section 702 of the Indenture.

"Aggregate Debt Service" shall mean for any Fiscal Year, as of the date of calculation, the sum of the amounts of Debt Service for such year with respect to all Bonds.

"Amortized Value" shall mean the value of an Investment Security calculated by adding the amount of the premium to the par value of the Investment Security or deducting the amount of the discount from the par value of the Investment Security, as the case may be, after such premium or discount has been amortized according to Generally Accepted Accounting Principles for the number of days since the acquisition of the Investment Security.

"Annual Budget" shall mean the annual budget of the Authority for the Project that is adopted pursuant to Section 807 of the Indenture, as amended or supplemented, adopted, or in effect for a particular year or fraction thereof.

"Authority" shall mean the Fort Bend Grand Parkway Toll Road Authority, a local government corporation organized and authorized under Chapter 431 of the Texas Transportation Code.

"Authorized Officer of the Authority" shall mean the President or Vice President of the Authority or any officer or employee of the Authority designated as an "Authorized Officer of the Authority" by Supplemental Indenture, resolution or order duly adopted by the Board of Directors of the Authority.

"Average Annual Debt Service Requirements" shall mean, as of any particular date of computation, the aggregate of the Debt Service Requirements on each series of Bonds divided by the number of years from the date of computation to the date the last Outstanding Bond, at the time of computation, matures. The Average Annual Debt Service Requirement is computed and recomputed upon (1) the issuance of each series of Subordinate Lien Bonds and (2) on each date on which Subordinate Lien Bonds mature or are optionally or mandatorily redeemed. For purposes of this computation a fraction of a year will be considered a full year. In the case of any series of Bonds which (i) has a final maturity date of less than ten years but more than two years from any particular date of computation or (ii) is secured by an unconditional commitment from a financial institution (which commitment as to

form, substance and institution are acceptable to the Trustee) providing for the refinancing of such Bonds, the Average Annual Debt Service Requirements shall be computed as if all of such Bonds matured on a single date which is twenty-five years after the date of issuance of such Bonds.

"Bondowner," "Owner of Bonds" or "Owner" shall mean the registered owner of any Bond as to both principal and interest.

"Bond" or "Bonds" shall mean "Subordinate Lien Bonds."

"Business Day" shall mean a day which is not a Saturday, Sunday or banking holiday in New York City or Houston, Texas.

"Capitalized Lease Obligation" shall mean any obligation of the Authority, as lessee, to pay rent under a lease of real or personal property, which obligation, in the judgment of the Accountant, is required to be capitalized on a balance sheet of the lessee in accordance with Generally Accepted Accounting Principles.

"Commissioners Court" shall mean the Commissioners Court of Fort Bend County, Texas which is the governing body of the County.

"Construction Fund" shall mean the "Construction Fund" created and established by Section 502 of the Indenture.

"Consulting Engineers" shall mean the Authority Engineer or the engineering firm or firms at the time employed by the Authority pursuant to the provisions of the Indenture to carry out the duties imposed by the Indenture on the Consulting Engineers.

"Cost" or "Cost of the Project" shall mean all costs of acquisition, construction, improvement, operation and maintenance of the Project that is a qualified Cost under the Act.

"Costs of Issuance" shall mean the items of expense payable or reimbursable directly or indirectly by the Authority and related to the authorization, sale and issuance of Bonds, which items of expense shall include without limiting the generality of the foregoing: travel expenses; printing costs; costs of reproducing documents; computer fees and expenses; filing and recording fees; initial fees and charges of the Trustee and Paying Agents; bond discounts; legal fees and charges; consulting fees and charges; auditing fees and expense; financial advisor's fees and charges; costs of credit ratings; insurance premiums; fees and charges for execution, transportation and safekeeping of Bonds; and other administrative or other costs of issuing carrying and repaying such Bonds and investing the Bond proceeds.

"Counsel's Opinion" shall mean an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds (who may also be counsel to the Authority) selected by the Authority and satisfactory to the Trustee.

"County" shall mean Fort Bend County, Texas, a body politic and corporate and a political subdivision of the State of Texas.

"County Reimbursement Fund" shall mean the "County Reimbursement Fund" created pursuant to Section 502 of the Indenture.

"County Reimbursement Obligation" shall mean an amount required to be repaid to the County in accordance with the terms of the Joint Project Agreement.

"Credit Agreement" shall mean any agreement between the Authority and a third party financial institution, political subdivision, or the State of Texas, pursuant to which such party issues a letter of credit, municipal bond insurance policy, line of credit, standby purchase agreement, surety policy, surety bond or other guarantee or credit support document for the purpose of enhancing the creditworthiness or liquidity of any of the Authority's obligations including and pursuant to the terms of any Bonds or Qualified Hedge Agreements and in consideration for which the

Authority may agree to pay, but solely from Net Revenues as provided herein, (i) periodic payments for the availability of such Credit Agreement and/or (ii) reimbursements or repayments of any amounts advanced under such Credit Agreement, together with interest and other stipulated costs and charges related to such amounts advanced. Bonds of the Authority issued pursuant to or in connection with a Credit Agreement shall be deemed to be, and shall be included within, the Debt Service Requirements for the series of Bonds to which the Credit Agreement relates. Each Credit Agreement shall be deemed to be a part of the Bonds of the series to which it relates for the purpose of securing its payment or repayment by the pledge of Net Revenues as provided in the Indenture. However, issuers of Credit Agreements shall not be treated as Owners of Bonds for purposes of any voting rights to approve amendments or to direct the exercise of any remedies under the Indenture.

"Debt Service Requirements" shall mean, as of any date of calculation, an amount equal to the sum of the following for any period and with respect to all or any portion of the Bonds:

(a) Current interest scheduled to accrue during such period on such Bonds, except to the extent that provision for the payment of such interest has been made by (i) appropriating for such purpose amounts sufficient to provide for the full and timely payment of such interest either from proceeds of Bonds, from interest earned or to be earned thereon, from other Authority funds other than Net Revenues, or from any combination of such sources and (ii) depositing such amounts (except in the case of interest to be earned, which shall be deposited as received) into a fund or account for capitalized interest, the proceeds of which are required to be transferred as needed into the Subordinate Lien Debt Service Fund, as the case may be, plus

(b) That portion of the principal amount of, or compounded interest on, such Bonds scheduled to be payable on or before the next January 1 (either at maturity or by reason of scheduled mandatory redemptions, but after taking into account all prior optional and mandatory Bond redemptions) which would accrue if such principal amount were deemed to accrue daily in equal amounts from the next preceding January 1; provided, however, that the following rules shall apply to the computation of Debt Service Requirements on certain series of Short Term/Demand Bonds and on any series of Bonds bearing interest at a floating or variable rate:

(1) For any series of Short Term/Demand Bonds issued pursuant to a commercial paper program or similar program, Debt Service Requirements shall be computed on the assumption that the principal amount shall continuously be refinanced under such program and remain outstanding until the first Fiscal Year for which interest on such Short Term/Demand Bonds has not been capitalized or otherwise funded or provided for, at which time (which shall not be beyond the term of such program) it shall be assumed that the outstanding principal amount thereof shall be refinanced with a series of Bonds which shall be assumed to be amortized over a period not to exceed 25 years and shall be assumed to be amortized in such a manner that the maximum Debt Service Requirements in any twelve month period shall not exceed 110% of the minimum Debt Service Requirements for any other 12-month period, and shall be assumed to bear interest at a fixed interest rate estimated by the Authority's financial advisor or underwriter to be the interest rate such series of Bonds would bear if issued on such terms on the date of such estimate;

(2) For any series of Bonds bearing interest at a variable or adjustable rate or a rate to be negotiated or revised from time to time such that the actual future rate of interest thereon cannot be ascertained at the time of calculation, it shall be assumed that such Bonds will bear interest at the higher of (I) a long-term interest rate estimated by the Authority's financial advisor or underwriter to be the average rate of interest such Bonds would bear if issued as long-term bonds bearing interest at fixed interest rates to be amortized over 30 years with level debt service or (2) a short-term interest rate calculated as follows: (a) for any series of Bonds then Outstanding, at the greater of (i) the average interest rate derived from the variable or adjustable interest rate formula or computation applicable to, or average interest rate borne by, such series of Bonds during a 12-month period ending within 30 days prior to the date of computation or (ii) the actual interest rate derived from such variable or adjustable interest rate formula or computation, or the actual interest rate payable on such series of Bonds, on the date of such calculation, and (b) for any series of Bonds then proposed to be issued, at an interest rate estimated by the Authority's financial advisor or underwriter to be the average rate of interest such series of Bonds will bear during the period or periods for which the Debt Service Requirements are being calculated.

Debt Service Requirements shall be calculated on the assumption that no Bonds Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of scheduled principal maturities or scheduled mandatory redemptions of such Bonds, except as provided above for Short Term/Demand Bonds.

Obligations of the Authority to make payments under a Credit Agreement as reimbursements or repayments of amounts paid or advanced under such Credit Agreement for interest on or principal of any Bonds (including interest and other stipulated costs and charges related to such amounts advanced) shall be deemed to be payments of interest on or principal of such Bonds.

Qualified Hedge Agreements shall cause Debt Service Requirements to be (i) increased by the amount of any scheduled payments and charges for the availability of the Qualified Hedge Agreement, (ii) decreased by the amount of any scheduled interest payments on the related Bonds which the Authority's financial advisor certifies to be substantially hedged pursuant to the Qualified Hedge Agreement, and (iii) increased by the gross payments of the Authority under the Qualified Hedge Agreement (without regard to netting); provided, however, that any variable or adjustable payment obligation of the Authority under the Qualified Hedge Agreement shall be deemed to be a fixed rate obligation based upon the provisions contained in paragraph (ii) above of the definition of Debt Service Requirements, as certified by the Authority's financial advisor.

"Depository" shall mean any bank, trust company, national banking association, savings and loan association, savings bank or other banking institution or association selected by the Authority as a depository of moneys and securities held under the provisions of the Indenture and the Act, and may include the Trustee.

"DTC" means The Depository Trust Company of New York, New York, or any successor securities depository.

"DTC Participant" means brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

"Event of Default" shall mean an Event of Default as such term is defined in Section 902 of the Indenture.

"Fair Market Value" shall mean, as of any particular time: (a) as to Investment Securities the bid and asked prices of which are published on a regular basis in a financial journal or publication of general circulation in the United States of America, the bid price for such Investment Securities so published on or most recently prior to the date of valuation by the Trustee, or (b) as to Investment Securities the bid and asked prices of which are not published on a regular basis in a financial journal or publication of general circulation in the United States of America, the average bid price on such Investment Securities at the date of valuation by the Trustee, as reported to the Trustee by any two nationally recognized dealers in such Investment Securities.

"Fiduciary" or "Fiduciaries" shall mean the Trustee, the Paying Agents or any or all of them, as may be appropriate.

"Fiscal Year" shall mean a fiscal year as established by the Authority which is currently the 12-month period ending September 30, but which may be changed from time to time.

"Fort Bend Grand Parkway" means that portion of the Grand Parkway System located in Fort Bend County.

"Fund" or "Funds" shall mean anyone or more, as the case may be, of the separate special funds created and established in Section 502 of the Indenture.

"Generally Accepted Accounting Principles" shall mean, such accounting practice as, in the opinion of the Accountant, conforms at the time to generally accepted accounting principles.

"Grand Parkway Agreements" shall mean the Terms and Conditions effective September 29, 2008, and Market Valuation Waiver Agreement effective March 25, 2009. The Grand Parkway Agreements: i) establish the "Minimum Project Scope" and the "Ultimate Project Scope" of the Grand Parkway System within Fort Bend and other counties; ii) require the Grand Parkway be developed separate from the County's existing toll road system; and iii) limits the use of toll revenues from the Grand Parkway to the development and maintenance of the Grand Parkway System until the Ultimate Project Scope is complete.

"Grand Parkway System" shall mean a planned system of controlled access toll lanes ranging from two to six lanes wide and 180 plus miles long traversing seven counties and encircling the Greater Houston Region, as more fully described in the Grand Parkway Agreements.

"Grand Parkway System Improvement Fund" shall mean the "Grand Parkway System Improvement Fund" created by Section 502 of the Indenture.

"Gross Revenues" shall mean Revenues prior to payment of Operating and Maintenance Expenses and funding the Operating and Maintenance Reserve.

"Indenture" shall mean this Trust Indenture as the same may be amended or supplemented from time to time by Supplemental Indentures in accordance with the terms hereof.

"Initial Bond" shall mean the Initial Bond authorized by Section 306(4) of the Indenture.

"Interest Payment Date" shall mean March 1, 2013 and each September 1 and March 1 thereafter, or as otherwise defined by a Supplemental Indenture.

"Investment Security" or "Investment Securities" shall mean and include anyone or more of the following securities, if and to the extent the same are at the time legal for investment of Authority funds:

(a) Direct obligations of or obligations, directly or indirectly, guaranteed by the United States of America;

(b) Bonds, debentures, notes or other evidences of indebtedness issued or guaranteed, directly or indirectly, by any of the following: Bank: for Cooperatives; Federal Intermediate Credit Banks, Federal Home Loan Bank: System, Export-Import Bank of the United States, Federal Land Banks, Federal National Mortgage Association (to the extent guaranteed by the Government National Mortgage Association), Federal Home Loan Mortgage Corporation, Farmers' Home Administrator, Tennessee Valley Authority, Federal Farm Credit System, the Government National Mortgage Association, Of other successor or similar agencies;

(c) Bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(d) Direct and general obligations of or obligations guaranteed by the State, the payment of the principal of and interest on which is a general obligation of the State;

(e) Demand deposits or interest-bearing time deposits, certificates of deposit or other similar banking arrangements, with the Trustee or a member of the Federal Deposit Insurance Corporation, or any savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation, or any such institution having undivided capital and surplus of at least $50,000,000, and if such time deposits or certificates of deposit, to the extent not insured to the full amount thereof, are fully secured by obligations of the type specified in (a), (b), (c) or (d) above or (h) below which have a Fair Market Value, at least equal at all times to the amount of such deposits;

(f) Repurchase Agreements with banks which are members of the Federal Deposit Insurance Corporation, and with members of the Association of Primary Dealers in United States Government Securities. the underlying securities of which are of the type described in (a) and (b) above and which are fully secured at all times by obligations of the same type which have a Fair Market Value, including accrued interest, at least equal to the amount of such Repurchase Agreement including accrued interest;

(g) Interest-bearing time deposits or Repurchase Agreements with agencies or intermediaries of the Federal Government described in (a) and (b) above;

(h) Direct and general obligations of any state within the territorial United States of America, provided that at the time of their purchase under the Indenture, such obligations are rated in one of the two highest letter rating categories by a nationally recognized bond rating agency;

(i) Certificates of Deposit of any bank including the Trustee with undivided capital and surplus of at least $50,000,000, the unsecured debt of which or of its parent holding company is rated in one of the two highest letter rating categories by a nationally recognized bond rating agency, with such Certificates of Deposit to be secured by any other Investment Securities or by any security then acceptable to secure deposits of public funds of the State of Texas having a Fair Market Value at least equal to the amount of the Certificate of Deposit;

(j) Investment agreements with any bank including the Trustee with undivided capital and surplus of at least $50,000,000 or bank holding company, the unsecured debt of which (or of a bank's parent holding company in the case of a bank if the unsecured debt of the bank is not rated) is rated in one of the two highest letter rating categories by a nationally recognized bond rating agency, with such investment agreement to be secured by any other Investment Securities described herein or by any security then acceptable to secure deposits of public funds of the State of Texas having a Fair Market Value at least equal to the amount of the Investment Agreement;

(k) Investment agreements with any bank or other financial institution, the unsecured debt of which is rated in either of the two highest letter rating categories by a nationally recognized bond rating agency; and

(l) Money market funds, including those of the Trustee and its affiliates, which are rated in either the two highest letter rating categories by a nationally recognized bond rating firm.

"Joint Project Agreement" means the Agreement between the County and the Authority dated as of July 24, 2012 relating to the construction of the Project and the issuance of the Bonds, as the same may be amended.

"Junior Lien Bonds" shall mean bonds or other indebtedness having the meaning set forth in Section 707 of the Indenture.

"Letter of Instructions" shall mean a written directive and authorization to the Trustee executed by an Authorized Officer of the Authority.

"Net Revenues" shall mean the Revenues less the sum of (i) the Operating and Maintenance Expenses and (ii) the aggregate of principal and interest payments made, or to be made, during the period for which Net Revenues are computed on Senior Indebtedness that is secured by a first charge on revenues, or such other amount as may be defined as "Net Revenues" by a Supplemental Indenture.

"Operating Board" shall mean the Board of Directors of the Authority acting as the operating board or any subsequent substitute operating board that may be appointed by the Commissioners Court in accordance with Chapter 284, Texas Transportation Code.

"Operating and Maintenance Expenses" shall mean the Authority's costs and expenses of maintenance, repair, operation and administration of the Project and shall include without limiting the generality of the foregoing: (i) salaries, supplies, utilities, labor, rent; (ii) fees and expenses for data processing, policing, insurance, legal, accounting, engineering, the Trustee, Depositories or Paying Agents, letters of credit and credit facilities, consulting and banking services; (iii) Costs of Issuance not paid as a Cost of the Project; and (iv) payments to pension, retirement, health and hospitalization funds.

"Operating and Maintenance Reserve" shall mean, as of any particular time of calculation, an amount of money to be retained in the Revenue Fund pursuant to Section 503 of the Indenture which is equal to three months of Operating and Maintenance Expenses, as set out in the Annual Budget.

"Outstanding" when used with reference to the Senior Indebtedness or Subordinate Lien Bonds, as the case may be, means, as of a particular date, all such bonds theretofore and thereupon delivered except: (a) any such bond cancelled by or on behalf of the Authority at or before said date; (b) any such bond defeased pursuant to the defeasance provisions of the ordinance authorizing its issuance, or otherwise defeased as permitted by applicable law; and (c) any such bond in lieu of or in substitution for which another bond shall have been delivered pursuant to the ordinance authorizing the issuance of such bond.

"Parity Contract Obligations" shall mean any of the following obligations of the Authority issued or incurred pursuant to the Indenture:

(a) Parity Notes;

(b) Any and all repayment, reimbursement or other obligations arising pursuant to any Credit Agreement; and,

(c) Any and all payment obligations arising pursuant to any Qualified Hedge Agreements which may be netted against amounts, if any, due the Authority pursuant to such Qualified Hedge Agreements.

"Parity Notes" shall mean any note or notes, as the case may be, issued pursuant to a commercial paper program and authenticated and delivered under and pursuant to the Indenture, and secured by the Trust Estate.

"Paying Agent" shall mean any bank or trust company or national banking association designated to make payment of the principal of and interest on the Bonds of any Series, and its successor or successors, which may include the Trustee, hereafter appointed in the manner provided in the Indenture and meeting the requirements of Section 1013 of the Indenture.

"Permitted Encumbrances" shall mean

(a) easements and rights of way on, over, across, or through any part of the Project;

(b) inchoate claims and charges incidental to construction, maintenance, and operation of the Project;

(c) contractual and property rights granted to or reserved by a party under any contract or instrument which the Authority is not prohibited from entering into under the Indenture;

(d) minor defects and irregularities in the title to any property which is part of the Project, which do not impair the Authority's right to use such property for purposes of the Project; and

(e) rights reserved to or vested in the State of Texas or any municipal corporation or political subdivision or agency within the State of Texas with regard to the property and facilities constituting the Project or with regard to the regulation of the use thereof.

"Person" shall mean any individual, public or private corporation, county, district, authority, municipality, political subdivision or other county or entity of the State or the United States of America, and any incorporated city, town or village, whether operating under general or special law or under its homerule charter, and any partnership, association, firm, trust, estate, or any other entity whatsoever.

"Principal Installment" shall mean as of any particular date of computation (a) with respect to Bonds of a particular Series, an amount of money equal to the aggregate of the principal amount of Outstanding Bonds of said Series which mature on a single future date or (b) with respect to Parity Notes, except to the extent actually paid from the Trust Estate (and not from the proceeds of other Parity Notes or Bonds issued for refunding or refinancing purposes), each Series shall be deemed to have Principal Installments in each of the 30 consecutive Fiscal Years

beginning in the Fiscal Year following the depletion of any am01mts provided as capitalized interest for such Series of Parity Notes, which Principal Installments shall be in such amounts as shall be calculated by the Authority's financial advisor to achieve an approximately equal annual amortization of Debt Service on such Series of Parity Notes over such 30-year period.

"Principal Payment Date" shall mean each September 1 or other date as may be defined in a Supplemental Indenture.

"Project" initially shall mean the construction of the tolled overpasses on the Grand Parkway in Fort Bend County and the reconstruction of the existing roadway from U.S. 59 to and including the intersection at FM1093 ("Westpark") and subsequently may include any other portion of or improvement to the Fort Bend Grand Parkway added to the definition of "Project" pursuant to a resolution or order of the Authority.

"Qualified Hedge Agreement" shall mean any agreement between the Authority and a qualifying financial institution (as described in the following sentence) for the purpose of providing an interest rate swap, exchange, cap, collar, floor, forward or other hedging mechanism, arrangement or security, however denominated, expressly identified pursuant to its terms as being entered into in connection with and in order to hedge interest rate fluctuations on any portion of any Bonds and in consideration for which the Authority may agree to pay, (i) periodic payments for the availability of such Qualified Hedge Agreement and/or (ii) net amounts as a result of fluctuation in hedged interest rates or in the value of any index of payment and/or (iii) termination charges. A Qualified Hedge Agreement may only be entered into with a financial institution, which (a) for a transaction having a term of less than ten years, has long term credit ratings in one of the three highest generic rating categories by at least two nationally recognized rating services or (b) for a transaction having a term of ten years or longer, has at the time of entering into such transaction a long term credit ratings in one of the two highest generic rating categories by at least two nationally recognized rating services; provided, however, that such rating requirement may be satisfied by an affiliated entity of such financial institution or a third party with the requisite rating with whom the financial institution and/or the County have a contractual arrangement pursuant to which such affiliated entity or third party provides credit support for the Qualified Hedge Agreement. Further, obligations of the Authority to make payments under a Qualified Hedge Agreement derived from or resulting from a fluctuation in hedged interest rates or in the value of any index of payment shall be deemed to be payments of interest on the Bonds so hedged. Each Qualified Hedge Agreement shall be deemed to be a part of the Bonds of the series to which it relates for the purpose of securing its payment by the pledge of Net Revenues as provided in the Indenture. However, issuers of and counterparties to Qualified Hedge Agreements shall not be treated as Owners of Bonds for purposes of any voting rights to approve amendments or direct the exercise of any remedies under this Ordinance.

"Record Date" as used with respect to any Interest Payment Date shall mean the date designated in any Supplemental Indenture with respect to any of Bonds as the record date for the payment of interest on such Series or if no Record Date is so designated the 15th day of the month preceding such Interest Payment Date with respect to such Bonds.

"Redemption Price" shall mean, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Indenture.

"Refunding Bonds" shall mean all Bonds, whether issued in one or more series, issued for the purpose of refunding a like or different principal amount of Bonds, and thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III.

"Register" shall mean the register maintained by the Trustee which shows ownership of Bonds in accordance with Section 307 in the Indenture.

"Registered Owner" shall mean the person in whose name any Bond is registered.

"Revenue Fund" shall mean the "Revenue Fund" established in Section 502 of the Indenture.

"Revenues" shall mean all amounts derived by the Authority from the ownership and operation of the Fort Bend Grand Parkway which constitute revenues in accordance with generally accepted accounting principles.

"Senior Indebtedness Debt Service Fund" shall mean the fund so designated pursuant to the orders or indentures authorizing the Senior Indebtedness.

"Senior Indebtedness" shall mean (a) the principal of, premium, if any, and interest on (i) indebtedness (other than the Subordinate Lien Bonds) of the Authority for money borrowed for Project purposes evidenced by bonds, notes, warrants or similar obligations, including any obligation to make payments with respect to money borrowed by any other person for Project purposes whether any such indebtedness is outstanding on the date of the Indenture or is hereafter created, assumed or incurred, (ii) Capitalized Lease Obligations for Project purposes, whether outstanding on the date of the Indenture or hereafter incurred, and (iii) indebtedness incurred, or assumed by the Authority (whether outstanding on the date of the Indenture or hereafter created, assumed or incurred) for Project purposes, unless, in each case referred to in clauses (i), (ii) and (iii) above, by the terms of the instrument creating or evidencing the indebtedness it is provided that such indebtedness ranks on a parity with the Bonds and is entitled to like rights of subrogation, or is subordinated to, or is otherwise not superior in right of payment to, the Bonds, and (b) any other indebtedness (including Credit Agreements and Qualified Hedge Agreements), liability or obligation, contingent or otherwise, of the Authority for Project purposes (any such indebtedness, liability or obligation being hereinafter in this definition referred to as an "Obligation"), and any endorsement or other contingent obligation in respect of an Obligation of another for Project purposes, which is assumed or incurred by the Authority after the date of the Indenture and which, when assumed or incurred, is specifically designated by the Authority as Senior Indebtedness for the purposes hereof in the instrument creating or evidencing such Obligation or in the instrument creating or evidencing the Authority's liability with respect to the Obligation of another, and (c) any refundings, renewals or extensions of any indebtedness, liability or obligation described in clauses (a) and (b) above. Senior Indebtedness shall not, however, include indebtedness incurred in connection with the purchase of materials or services in the ordinary course of business or indebtedness representing amounts recorded as accounts payable on the books of the Authority.

"Short Term/Demand Bonds" shall mean each series of bonds, notes and other obligations issued pursuant to the Indenture, (a) the payment of principal of which is either (i) payable on demand by or at the option of the holder at a time sooner than a date on which such principal is deemed to be payable for purposes of computing Debt Service Requirements, or (ii) scheduled to be payable within one year from the date of issuance and is contemplated to be refinanced for a specified period or term through the issuance of additional Short Term/Demand Bonds pursuant to a commercial paper or other similar financing program, and (b) the purchase price, payment or refinancing of which is additionally secured by a letter of credit, line of credit, standby purchase agreement, bond insurance, surety bond or other credit or liquidity facility which does not impose upon the Authority a reimbursement obligation payable over a period shorter than three years.

"State" shall mean the State of Texas.

"Subordinate Lien Bonds" shall mean the Limited Contract Tax and Subordinate Lien Revenue Bonds, Series 2012 and each series of Bonds which the Authority has reserved the right to issue from time to time, payable from and secured by a lien on and pledge of Net Revenues junior and subordinate to the lien and pledge securing the Senior Indebtedness.

"Subordinate Lien Debt Service Fund" shall mean the "Subordinate Lien Debt Service Fund" which is established pursuant to Section 502 of the Indenture.

"Supplemental Indenture" shall mean any Indenture supplemental to or amendatory of the Indenture, adopted by the Authority in accordance with Article XII.

"Tax Fund" shall mean the "Tax Fund" created by Section 502 of the Indenture.

"Traffic Engineers" shall mean the traffic engineer employed by the Authority and "Independent Traffic Engineer" shall mean an engineering firm or corporation retained by the Authority, pursuant to the provisions of the Indenture to carry out the duties imposed by the Indenture on the Traffic Engineer or the Independent Traffic Engineer.

"Trust Estate" shall mean the Trust Estate as defined in Section 201 of the Indenture. "Trustee" shall mean Wells Fargo Bank Texas, N.A. or any other commercial bank or trust company duly organized and existing under the laws of the United States of America which is authorized under such laws to exercise corporate trust powers, and is subject to examination by federal authority and shall be appointed pursuant to Article X, and its successor or successors and any other person which may at any time be substituted in its place pursuant to the Indenture.

APPENDIX F

SUMMARY OF THE INDENTURE

The Indenture, which includes the Master Indenture and the First Supplement thereto, contains various covenants and security provisions, certain of which are summarized below or elsewhere in this Official Statement. Provisions included herein are in substantially final form, but may change prior to closing and may thereafter be amended in accordance with the terms of the Indenture. Reference should be made to the Indenture, a copy of which may be obtained from the Authority, for a full and complete statement of its provisions. See also the section captioned "SECURITY AND SOURCE OF PAYMENT."

SECURITY OF THE BONDS

Granting Clauses

In order to secure the payment of the principal and Redemption Price of and interest on the Bonds as the same become due and payable, whether at maturity or by prior redemption, and the performance and observance of all of the covenants and conditions herein contained, and in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Bonds by the Owners thereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Authority does hereby grant to the Trustee and its successors in trust hereunder a pledge of and lien on the following (collectively, the "Trust Estate"):

(a) All right, title and interest of the Authority to taxes levied by the County pursuant to the provisions of Joint Project Agreement;

(b) All right, title and interest of the Authority now owned or hereafter acquired in and to the moneys deposited or required to be deposited in the funds established under the Indenture, including the Subordinate Lien Debt Service Fund, the Tax Fund, and, to the extent funded with Bond proceeds, the Construction Fund, the Revenue Fund, and the County Reimbursement Fund pursuant to the provisions of the Indenture and all right, title and interest in and to the Investment Securities held in the Indenture, the Subordinate Lien Debt Service Fund and the Tax Fund, pursuant to the provisions of the Indenture; provided, however, that the Authority expressly reserves the right to transfer any or all interest and investment income from Investment Securities held in the Subordinate Lien Debt Service Fund (other than amount attributable to capitalized interest on the Bonds) to other Funds or accounts and to grant a senior lien and pledge of such interest and investment income to secure Senior Indebtedness.

(c) Subject to and subordinate in all respects to any lien or pledge existing or hereafter created or granted with respect to Senior Indebtedness, all right, title and interest of the Authority in and to the Net Revenues to the extent of Revenues as collected;

(d) All right, title and interest of the Authority now owned or hereafter acquired in and to the moneys deposited or required to be deposited with the Trustee pursuant to the provisions of the Indenture and all right, title and interest in and to the Investment Securities held by the Trustee pursuant to the provisions of the Indenture;

(e) Subject to and subordinate in all respects to any lien or pledge existing or hereafter created or granted with respect to Senior Indebtedness, any and all property of every kind and nature (including, without limitation, cash, obligations or securities) which may from time to time hereafter be assigned, hypothecated, endorsed, pledged, granted, or delivered to or deposited with the Trustee as additional security hereunder by the Authority or anyone on its behalf, or which pursuant to any of the provisions hereof may come into the possession or control of the Trustee as security hereunder, or of a receiver lawfully appointed hereunder, all of which the Trustee is authorized to receive, hold and apply according to the terms hereof; and

TO HAVE AND TO HOLD all the same, with all rights and privileges appurtenant thereto, unto the Trustee and its successors in trust forever, subject, however, to all of the terms and provisions of the Indenture;

IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth, for the equal and proportionate benefit and security of the Owners from time to time of the Bonds issued and to be issued hereunder, or any of them, without preference, priority or distinction as to lien or otherwise of any Bond over any other Bond except as provided in the Indenture;

PROVIDED, HOWEVER, that if the Authority, its successors or assigns, shall well and truly pay, or cause to be paid, the principal or Redemption Price of the Bonds and the interest due or to become due thereon, at the times and in the manner provided in the Bonds according to the true intent and meaning thereof, and shall cause the payments to be made into the Funds and Accounts established hereunder and in the amounts required hereby, or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee an amount sufficient to provide for payment of the entire amount due or to become due thereon as provided in the Indenture, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of the Indenture to be kept, performed and observed by it, and shall payor cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then, upon such payment and performance, the Indenture and the rights and liens hereby granted shall cease, determine and be void; otherwise, the Indenture is to be and shall remain in full force and effect.

Time of Pledge; Delivery of Trust Estate

The grant, assignment and pledge of the Trust Estate pursuant to the provisions of the Indenture shall be effective from and after the payment for and delivery of any Bonds hereunder. Nothing in the Indenture shall create an obligation on the part of the Authority to physically deliver the Trust Estate to the Trustee except as expressly provided in the Indenture.

Payment of Contract Tax Revenues

The Bonds are secured by and payable from revenues paid to the Authority by the County pursuant to the levy of a continuing, direct annual ad valorem tax, within the limits provided by law, upon all taxable property within the County. To pay the interest on the Bonds, and to create a sinking fund for the payment of the principal thereof when due, and to pay the expenses of payment and registration of such Bonds and the cost of collecting such taxes, the County by order adopted on July 24, 2012, levied, and ordered to be assessed and collected in due time, form and manner, a continuing, direct annual ad valorem tax, within the limits provided by law, on all taxable property in the County for each year during the period that there are Outstanding Bonds. All of the proceeds of such collections, except expenses incurred in that collection, shall be paid by the County into the Tax Fund pursuant to the Joint Project Agreement, and the aforementioned tax and such payments into the Tax Fund shall continue until the Bonds and the interest thereon have been fully paid and discharged as required by the Joint Project Agreement, and such proceeds shall be used for such purposes and no other.

The Joint Project Agreement provides that while there are Outstanding Bonds, the County shall levy, assess and collect an ad valorem tax each year at a rate from year to year as will be sufficient to provide (together with other moneys available or anticipated to be available therefore, including available Net Revenues and amounts available from Bond proceeds) funds to pay the interest on said Bonds and to create and provide a sinking fund to pay the principal when due or of not less than 2% of the principal amount of the Bonds, full allowance being made for delinquencies and costs of collection, and the County shall deposit such taxes into the Authority's Tax Account to be applied to the payment of the principal and Redemption Price of and interest on the Bonds, as follows:

(a) On or before August 1 of each year, the Authority shall report to the County its current fund balances as well as a budget reflecting the anticipated Net Revenues of the project for the upcoming fiscal year.

(b) On or before September 1st in each year or as soon after that time as practicable, the Commissioners Court shall consider the taxable property in the County and determine the actual rate per $100 valuation of taxable property which is to be levied in that year for the payment of the principal due and Redemption Price of and interest on the Subordinate Lien Bonds and levy and tax against all taxable property in the County.

(c) In determining the actual rate to be levied in each year, the Commissioners Court shall consider among other things:

(1) the amount which should be levied for the payment of the principal and Redemption Price of and interest on the Bonds; and

(2) the percentage of anticipated tax collections and the cost of collecting the taxes.

(d) In determining the rate at which taxes should be levied each year, the Commissioners Court may consider whether proceeds from the sale of Bonds have been placed in the Subordinate Lien Debt Service Fund to pay interest on the Bonds and whether the Commissioners Court reasonably expects to have Net Revenues or other moneys available from other sources which are available to pay the principal or Redemption Price of or interest on the Bonds. Under the terms of the Joint Project Agreement, if the Commissioners Court reasonably determines that adequate moneys from such Net Revenue or other sources are available or will be available to pay principal of and Redemption Price of and interest on the Bonds, the Commissioners Court may elect not to levy a tax that year.

(e) The Authority agrees and covenants that it will not request, consider or approve any amendment to the Joint Project Agreement that would reduce or eliminate the County's obligation to levy, assess and collect taxes.

ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

Establishment of Funds

The following Funds shall be created, maintained and accounted for as hereinafter provided so long as Subordinate Lien Bonds remain Outstanding:

(1) Construction Fund;

(2) Tax Fund;

(3) Revenue Fund;

(4) Subordinate Lien Debt Service Fund;

(5) Renewal and Replacement Fund;

(6) County Reimbursement Fund;

(7) Grand Parkway System Improvement Fund;

The Construction Fund, the Tax Fund, the Revenue Fund, the Renewal and Replacement Fund, the County Reimbursement Fund, and the Grand Parkway System Improvement Fund shall be maintained as separate funds or accounts on the books of the County pursuant to the Joint Project Agreement and all amounts credited to such Funds shall be maintained in an official depository bank of the Authority or in a trustee bank hereafter designated by the Authority. The Subordinate Lien Debt Service Fund shall be maintained with the Trustee. The Subordinate Lien Debt Service Fund shall constitute a trust fund which shall be held in trust for the Owners of the Subordinate Lien Bonds and the proceeds of which (other than the interest income thereon, which shall be transferred to the extent herein provided to the Revenue Fund) shall be pledged to the payment of the Subordinate Lien Bonds. All of the Funds named above shall be used solely as herein provided so long as any Bonds remain Outstanding.

Money and Investment Securities to the credit of the Funds and accounts created in the Indenture which are held by the Authority may be commingled with other money and investments of the Authority, so long as the interest of each of the Funds and accounts created in the Indenture is specifically identified in the Authority's accounting records and so long as amounts and investments to the credit of each Fund or Account are available at the time and in the manner required by the Indenture or any Supplemental Indenture.

Flow of Funds

Except as otherwise specifically provided in this Article V, all Revenues shall be credited to the Revenue Fund as collected in the following priority:

(a) First to make or provide for all deposits, payments or transfers required by any indenture, resolution, order or other instrument creating or evidencing Senior Indebtedness payable as a first charge on Revenues, at the time and in the manner provided for in such instrument.

(b) After the payments, provisions for payment, deposits and transfers set out in subsection (a) above, to the extent not paid from other sources, Operating and Maintenance Expenses for such month shall be paid from the Revenue Fund.

(c) After the payments and provisions for payment set out in subsection (b) above, on or before the last day of each month there shall be set aside, out of money held in the Revenue Fund, the amount, if any, required to establish and maintain the Operating and Maintenance Reserve.

(d) After the payments and provisions for payments set out in subsection (c) above, money remaining in the Revenue Fund shall be used to make or provide for all deposits, payments or transfers required by any indenture, resolution, order or other instrument creating or evidencing Senior Indebtedness which is not payable as a first charge on Revenues, at the time and in the manner provided for in such an instrument.

(e) After the payments, provisions, for payment, deposits and transfers set out in subsections above, on or before the last day of each month and at such other times as shall be set forth in any Supplemental Indenture, there shall be transferred to the Subordinate Lien Debt Service Fund from any money remaining in the Revenue Fund, amounts which, when added to other amounts in the Subordinate Lien Debt Service Fund including amounts deposited from the Tax Fund, and available for such purposes, will provide for the accumulation, in substantially equal monthly installments or otherwise as may be provided in any Supplemental Indenture, of the amounts required to pay:

(1) any interest to become due and payable on each Series of Subordinate Lien Bonds Outstanding on the next Interest Payment Date for such series; and

(2) any Principal Installments to become due and payable on any Series of Subordinate Lien Bonds Outstanding on or before the next Principal Payment Date; and

(3) if provided in any Supplemental Indenture, to establish and maintain a subordinate lien debt service reserve fund or to pay any amounts required to be paid to any bank, financial institution or other party in connection with a Credit Agreement or Qualified Hedge Agreement.

(f) After the payments and provisions for payments set out in subsection (e) above, money remaining in the Revenue Fund shall be used to make or provide for all deposits, payments or transfers required by any indenture, resolution, order or other instrument creating or evidencing Junior Lien Bonds which is not payable as a first charge on Revenues, at the time and in the manner provided for in such an instrument.

(g) After the payments, provisions for payment, deposits and transfers set out in the subsections above, and if so provided in any Supplemental Indenture or indenture evidencing Senior Indebtedness, there shall be set aside the amount required to be set aside for the renewal and replacement of the Fort Bend Grand Parkway.

(h) After all payments, provisions for payment, deposits and transfers set out above in subsection (g), there shall be transferred from the Revenue Fund to the County Reimbursement Fund the amount necessary to make the balance therein equal to the County Reimbursement Obligation; provided, however, no money shall be transferred to the County Reimbursement Fund until such time as the Net Revenues of the Project exceed the Debt Service Requirement for two consecutive Fiscal Years.

(i) After all payments, provisions for payment, deposits and transfers set out above in the Flow of Funds described above any money remaining in the Revenue Fund shall be transferred to the Grand Parkway System Improvement Fund.

Construction Fund

There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of the Indenture and each Supplemental Indenture, including all proceeds of the Bonds remaining after making the deposits otherwise required under the Indenture and each Supplemental Indenture. There may also be paid into the Construction Fund, at the option of the Authority, any moneys received by the Authority from any source unless otherwise required to be applied by the Indenture or any Supplemental Indenture.

Amounts in the Construction Fund and interest earnings thereon shall be used to pay: (i) the Costs of the Project including the Cost of any project or projects with which the Project is proposed to be pooled, (ii) the Costs of Issuance, and (iii) Operating and Maintenance Expenses and interest on the Bonds as permitted in the Act.

Amounts in the Construction Fund may be (i) used to pay Costs of the Fort Bend Grand Parkway, (ii) used to pay Costs of the Grand Parkway System, or (iii) be transferred to the Subordinate Lien Debt Service Fund for the Bonds or to any similar debt service fund for and other Senior Indebtedness or Parity Contract Obligation, and applied to the payment of principal or Redemption Price of and interest on the Bonds or other Grand Parkway System bonds when due.

Tax Fund

If the County has levied a tax pursuant to the Joint Project Agreement, upon payment of the taxes to the Authority, the Authority shall transfer all amounts then on deposit in the Tax Fund to the Subordinate Lien Debt Service Fund.

Moneys in the Tax Fund shall be used solely to pay the principal or Redemption Price of and interest on the Bonds.

Subordinate Lien Debt Service Fund

Funds in the Subordinate Lien Debt Service Fund may only be used to pay the principal of and interest on the Bonds except as set forth below.

The Trustee shall, at any time at the direction of the Authority, apply amounts available in the Subordinate Lien Debt Service Fund to pay the principal portion of Bonds which the Authority may purchase at a price (excluding accrued interest to the purchase date but including any brokerage or other charges) no greater than the applicable Redemption Price of such Bonds.

Whenever the total amounts on deposit to the credit of the Subordinate Lien Debt Service Fund shall be equivalent to the sum of the aggregate principal amount of all Outstanding Subordinate Lien Bonds plus the aggregate amount of all interest accrued and to accrue thereon, no further transfers need be made into the Subordinate Lien Debt Service Fund, and such Subordinate Lien Bonds shall not be regarded as being Outstanding except for the purpose of being paid with the moneys credited to such Funds. Moneys credited to the Subordinate Lien Debt Service Fund shall be used solely for the purpose of paying principal (at maturity or prior redemption or to purchase Subordinate Lien Bonds issued as term bonds in the open market to be credited against mandatory redemption requirements), interest and redemption premiums on the Subordinate Lien Bonds, plus all bank charges and other costs and expenses relating to such payment.

If on any Interest Payment Date or on any other date, the funds on deposit in the Subordinate Lien Debt Service Fund are insufficient to pay the Debt Service Requirements, the Authority may transfer, at its discretion, from the Tax Fund, the County Reimbursement Fund, Grand Parkway System Improvement Fund, or any other lawfully available source, to the amount sufficient to pay such Debt Service Requirements or a portion thereof.

Revenue Fund -- Operation and Maintenance Expenses

If in any month funds on deposit in the Revenue Fund are insufficient to pay the Operation and Maintenance Expenses, the Authority shall transfer at its discretion, from the Tax Fund, the County Reimbursement Fund, Grand Parkway System Improvement Fund, or any other lawfully available source, to the Revenue Fund the amount sufficient to pay such Operation and Maintenance Expenses.

County Reimbursement Fund

On the last business day of the Fiscal Year, there shall be transferred to the County all amounts deposited in the County Reimbursement Fund. The County may use such funds for any lawful purpose for which toll revenues may be expended.

Grand Parkway System Improvement Fund

Amounts credited to the Grand Parkway System Improvement Fund may be used only for: 1) Costs of the Fort Bend Grand Parkway, including without limitation, to pay debt service on the Subordinate Lien Bonds or Senior Indebtedness, to pay for any capital expenditures, to pay costs of replacing any depreciable property or equipment of the Fort Bend Grand Parkway, to make any major or extraordinary repairs, replacements or renewals of the Fort Bend Grand Parkway, to acquire land or any interest therein, to pay any lease or contractual obligations not paid as Operation and Maintenance Expenses, and to make any transfers required to cure any deficiencies in the funds and accounts created by the Indenture, 2) Costs of any other portion of the Grand Parkway System as may be required by the Grand Parkway Agreements, and 3) thereafter to pay capital costs, including without limitation, engineering, land acquisition, and construction for any project on the County's major thoroughfare plan.

The County may create, within the Grand Parkway System Improvement Fund, additional sub-accounts and funds, including a Capital Outlay Account. All such sub-accounts and funds may be established and used for the purposes of the Grand Parkway System Improvement Fund as provided in the foregoing paragraph.

Funds in the Grand Parkway System Improvement Fund shall not be used for any purpose not stated herein.

Deficiencies in Funds

If in any month there shall not be transferred into any Fund maintained pursuant to this Article the full amounts required herein, amounts equivalent to such deficiency shall be set apart and transferred to such Fund or Funds from the first available and unallocated moneys in the Revenue Fund, and such transfer shall be in addition to the amounts otherwise required to be transferred to such Funds during any succeeding month or months.

OTHER OBLIGATIONS

Senior Indebtedness

The Authority reserves the right, without the consent of the Trustee or the Owners of the Bonds, to issue unlimited amounts of Senior Indebtedness which may be secured by a pledge or lien on Revenues and other assets of the Authority prior to the pledge and lien of the Trust Estate securing the Bonds. No action may be taken by the Authority which will diminish in any way the obligation of the County to levy taxes as required by the Joint Project Agreement to pay the principal of or interest on the Bonds or grant any lien thereon or claim thereto which is prior to the pledge and lien of the Trust Estate securing the Bonds.

Additional Subordinate Lien Bonds

The Authority reserves the right to issue, for any lawful purpose (including the refunding of any Senior Indebtedness, Subordinate Lien Bonds, Junior Lien Bonds or other obligations payable from the Trust Estate) one or more series of Additional Bonds payable from and secured by a lien on the Trust Estate; provided, however, that no Additional Subordinate Lien Bonds may be issued unless:

(a) The Authority President or Authority Auditor certifies to the Trustee that no Event of Default has occurred and is continuing for which notice has been given in accordance with Section 903 of the Indenture;

(b) The Authority President certifies that the Additional Subordinate Lien Bonds are required for a purpose relating to the Project or other portions of the Grand Parkway System as the Authority may determine or for refunding bonds, notes, or other obligations issued in connection therewith;

(c) The Subordinate Lien Debt Service Fund contains, or upon the issuance of the Additional Subordinate Lien Bonds will contain, the amount of money required to be on deposit therein;

(d) Provision is made by supplementing the Indenture to provide for additional payments into the Debt Service Account sufficient to provide for any increased principal, interest and other payment requirements on the Subordinate Lien Bonds resulting from the issuance of the Additional Subordinate Lien Bonds.

Parity Notes

The Authority reserves the right to issue Parity Notes, for any lawful purpose for which it may issue Subordinate Lien Bonds payable from and secured by the Trust Estate; provided, however, that no Parity Notes may be issued unless:

(a) Each of the requirements (a) through (d) contained in the subsection "Additional Subordinate Lien Bonds" above has been satisfied after substituting references to Parity Notes in place of references to Additional Subordinate Lien Bonds in (b) through (d); and

(b) The payment of principal of and interest on the Parity Notes is guaranteed by or comparably secured by a Credit Agreement.

Parity Credit Agreements

To the extent permitted by law, the Authority reserves the right to enter into Credit Agreements for the purpose of contracting with financial institutions or other third parties to issue letters of credit, insurance policies, surety bonds, guarantees or other instruments to further secure Subordinate Lien Bonds, Parity Notes, Parity Contract Obligations and Parity Qualified Hedge Agreements. The Authority may enter into Credit Agreements for such purpose and secure its obligations under such Credit Agreements, including its obligations to repay and reimburse the issuers of such Credit Agreements for any advances or payments that they make, by the Trust Estate; provided, however, that the Authority shall not enter into any Credit Agreement unless:

(a) The Authority President or Authority Auditor certifies in writing that the acquisition and entering such Credit Agreement will reduce the overall costs to the Authority with respect to the Subordinate Lien Bonds, Parity Notes, Parity Contract Bonds or Qualified Hedge Agreements to be secured by such Credit Agreement; and

(b) The Credit Agreement and all contracts and proceedings related thereto are approved by the Attorney General of Texas to the extent required by law.

Parity Contract Obligations

To the extent permitted by law, the Authority reserves the right to incur Parity Contract Obligations for any lawful purpose for which it may issue Subordinate Lien Bonds and Parity Notes payable from and secured by the Trust Estate; provided, however, that no Parity Contract Obligations may be incurred unless:

(a) Each of the requirements (a) through (d) contained in the subsection "Additional Subordinate Lien Bonds" above has been satisfied after substituting references to the Parity Contract Obligation in place of references to Additional Subordinate Lien Bonds in (b) through (d); and

(b) The Parity Contract Obligation and all procedures related thereto are approved by the Attorney General of Texas to the extent required by law.

Qualified Hedge Agreements

To the extent permitted by law, including without limitation and to the extent applicable Chapter 1201, Texas Government Code, as amended, the Authority reserves the right to issue and incur for any lawful purpose in connection with the issuance of other Subordinate Lien Bonds, Parity Notes or Parity Contract Obligations, one or more Qualified Hedge Agreements, subject to compliance with the following requirements:

(a) Each Qualified Hedge Agreement, together with all proceedings and agreements relating thereto, shall be submitted to and approved by the Attorney General of Texas to the extent required by law;

(b) Each rating agency then rating any of the Subordinate Lien Bonds, Parity Notes or Parity Contract Obligations shall have certified that entering into such Qualified Hedge Agreement will not, in and of itself, cause a reduction or withdrawal of any rating then assigned to any Subordinate Lien Bonds, Parity Notes or Parity Contract Obligations; and

(c) Each of the certifications required in Subsections (a) and (d) contained in the subsection "Additional Subordinate Lien Bonds" above has been satisfied after substituting references to the Parity Hedge Agreement in place of references to Additional Subordinate Lien Bonds in (b) through (d), taking into account any increase in Average Annual Debt Service Requirements as a result of entering into such Qualified Hedge Agreement.

Junior Lien Bonds

The Authority reserves the right to issue or incur, for any lawful purpose, Junior Lien Bonds which shall mean bonds or other indebtedness secured by junior and subordinate liens to the Subordinate Lien Bonds.

Short Term/Demand Bonds

The Authority reserves the right to issue, from time to time, one or more series of Subordinate Lien Bonds as "Short Term/Demand Bonds" provided that the aggregate principal amount of Short Term/Demand Bonds Outstanding at any time may not exceed 30% of the aggregate principal amount of Subordinate Lien Bonds Outstanding at the time of issuance of the last series of Short Term/Demand Bonds; provided, however, that no such Short Term/Demand Bonds may be issued without satisfying the applicable provisions of the subsection "Additional Subordinate Lien Bonds" above; provided further, however, that no Short Term/Demand Bond shall be subject to the limitations as to maximum principal amount as set forth above during any period of time that the Authority's financial advisor certifies that the Authority's variable or adjustable interest rate exposure under such Short Term/Demand Bond is substantially hedged pursuant to a Qualified Hedge Agreement pursuant to which the maximum net rate of interest that the Authority is obligated to pay (after taking into account all payments to be made by such counter-party) does not exceed the interest rate certified with respect to such Short Term/Demand Bonds by such financial advisor pursuant to paragraph (ii) clause (1) of the definition of Debt Service Requirements.

APPENDIX G

OPINION OF BOND COUNSEL

ALLEN BOONE HUMPHRIES ROBINSON LLP
ATTORNEYS AT LAW
PHOENIX TOWER
3200 SOUTHWEST FREEWAY
SUITE 2600
HOUSTON, TEXAS 77027
TEL (713) 860-6400
FAX (713) 860-6401
abhr.com

August 22, 2012*

We have acted as Bond Counsel to the Fort Bend Grand Parkway Toll Road Authority (the "Issuer") in connection with the issuance and sale of the Issuer's Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012, in the aggregate principal amount of $179,825,000* (the "Bonds") pursuant to the terms of a Trust Indenture dated as of July 1, 2012, and as supplemented by a First Supplemental Indenture of Trust dated as of July 1, 2012, (the "Indenture"), between the Issuer and Wells Fargo Bank, National Association (the "Trustee"), a Bond Resolution, dated as of July 24, 2012 (the "Resolution") and an Order of Fort Bend County, Texas, dated as of July 24, 2012 (the "County Order"). Except as otherwise indicated, terms defined in the Indenture are used in this opinion with the meanings assigned to them in the Indenture.

In our capacity as Bond Counsel, we have participated in the preparation of and have examined a transcript containing certified copies of certain proceedings of the Board of Directors of the Issuer, and certain certificates and other documents of representatives of the Fort Bend County, Texas (the "County"), the Issuer, the Trustee, and of others. We have relied upon those certificates as to certain factual matters which we have not independently verified. We have also examined such portions of the Constitution and statutes of the State of Texas, and such applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, regulations and published rulings of the Internal Revenue Service, as we have deemed necessary for the purposes of this opinion.

Reference is made to an opinion of even date of the County Attorney of the County with respect to, among other matters, the authority of the County to enter into and perform its obligations under the Joint Project Agreement and its authorization, execution, delivery, binding effect and enforceability by and upon the County.

Based on the foregoing, and subject to the matters set forth below, we are of the opinion that:

1. The Issuer is duly created and validly existing as a Texas nonprofit local government corporation acting on behalf of the County created pursuant to Chapter 431, Texas Transportation Code, and has the corporate power to adopt the Resolution, enter into and perform the obligations under the Indenture and the Joint Project Agreement, and issue the Bonds. The transcript of proceedings evidences complete

*Preliminary, subject to change

legal authority for the issuance of the Bonds in full compliance with the Constitution and the laws of the State of Texas presently effective.

2. The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective, the Indenture creates the valid pledge of and lien on the Trust Estate that the Indenture purports to create, subject only to the provisions of the Indenture permitting the application of the Trust Estate for the purpose and on the terms and conditions set forth in the Indenture and that therefore the Bonds are valid and legally binding obligations of the Issuer.

3. Taxable property within the County is subject to the levy of ad valorem taxes by the County, within the legal limit as to rate, to pay the Authority an amount equal to the principal and interest on the Bonds pursuant to the terms of the Joint Project Agreement dated as July 24, 2012 and the County Order.

4. The Indenture and Resolution have been duly authorized by the Issuer, have been duly executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer. By the terms of the Indenture, all of the Issuer's right, title and interest in and to the Revenue Fund and the amounts required from time to time to be deposited in or credited to the account of the Subordinate Lien Debt Service Fund and the Tax Fund created pursuant to the Indenture, together with any investments and reinvestments thereof, have been assigned to the Trustee.

5. The Bonds are limited obligations solely of the Issuer and are not general obligations of the Issuer, the State of Texas, Fort Bend County, or any other entity. The Issuer has no authority to levy taxes.

We have examined executed Bond numbered AG-1. In our opinion, the form of said Bond and its execution is regular and proper.

IT IS OUR FURTHER OPINION that:

1. Interest on the Bonds is excludable from gross income for federal income tax purposes under existing law.

2. Interest on the Bonds is not includable in the alternative minimum tax on individuals and corporations, except that interest on the Bonds will be included in the "adjusted current earnings" of a corporation (other than any S corporation, regulated investment company, REIT, REMIC or FASIT) for purposes of computing its alternative minimum tax liability.

In providing such opinions, we have relied on representations of the Issuer, the County, the Issuer's financial advisor, and the Underwriters with respect to matters solely within the knowledge of the Issuer, the County, the Issuer's financial advisor, and

the Underwriters which we have not independently verified, and have assumed continuing compliance with the covenants in the Indenture and Resolution pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income the date of their original delivery, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt or accrual of, interest on, or acquisition, ownership or disposition of, the Bonds.

Owners of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, property and casualty insurance and life insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits (including tax-exempt interest such as interest on the Bonds).

The opinions set forth above are based on existing law, which is subject to change. Such opinions further are based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures, the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted in the Resolutions not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

OFFICIAL STATEMENT DATED JULY 24, 2012

Ratings:
Moody's: "Aa1"
Fitch: "AA+"
See ("OTHER INFORMATION—RATINGS" herein)

NEW ISSUE - Book-Entry-Only

IN THE OPINION OF BOND COUNSEL, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER EXISTING LAW, AND THE BONDS ARE NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS AND CORPORATIONS, EXCEPT FOR CERTAIN ALTERNATIVE MINIMUM TAX CONSEQUENCES FOR CORPORATIONS. SEE "TAX MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

$155,085,000
FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
(Fort Bend County, Texas)
LIMITED CONTRACT TAX AND SUBORDINATE LIEN TOLL ROAD REVENUE BONDS, SERIES 2012

Dated: August 1, 2012 **Due: March 1, as shown on inside cover**
Interest Accrual Date: Delivery Date

The Bonds. . . The $155,085,000 Fort Bend Grand Parkway Toll Road Authority Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012 (the "Bonds"), are being issued by the Fort Bend Grand Parkway Toll Road Authority (the "Authority") pursuant to the Constitution and general laws of the State of Texas, including Chapters 284 and 431, Texas Transportation Code, as amended, Chapter 1201, Texas Government Code, an order adopted by the Board of the Authority (the "Bond Order"), and a Master Trust Indenture (the "Master Indenture") between the Authority and Wells Fargo Bank, N.A. (the "Trustee") dated as of July 1, 2012, and a First Supplemental Trust Indenture (the "Supplemental Indenture") between the Authority and the Trustee dated as of July 1, 2012. The Master Indenture and the Supplemental Indenture are collectively referred to as the "Indenture."

Interest on the Bonds will accrue from the date of delivery, and will be payable on March 1 and September 1 of each year, commencing March 1, 2013. The Bonds will be issued in fully registered form in principal denominations of $5,000 or any integral multiple thereof. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of and interest on the Bonds will be payable by the Trustee to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS—BOOK-ENTRY ONLY SYSTEM" herein. The initial Trustee is Wells Fargo Bank, N.A. See "THE BONDS—TRUSTEE."

Source of Payment . . . The Bonds are direct obligations of the Authority, payable from an unconditional obligation of Fort Bend County, Texas (the "County") to make contract payments, pursuant to a Joint Project Agreement between the County and the Authority, from a continuing ad valorem tax levied on all taxable property within the County, within the limits prescribed by law, as provided in the Indenture, together with a subordinate lien pledge of Net Revenues of the Fort Bend Grand Parkway (as defined in the Indenture). See "SECURITY AND SOURCE OF PAYMENT."

Purpose . . . Proceeds from the sale of the Bonds will be used (i) to finance the design, construction, equipment and other miscellaneous costs of the Project (as defined herein), (ii) to pay 36 months of capitalized interest on the Bonds, and (iii) to pay the costs associated with the issuance of the Bonds. See "PLAN OF FINANCING."

Redemption . . . The Bonds maturing on March 1, 2023 and thereafter are subject to optional redemption by the Authority in whole, or from time to time in part, on March 1, 2022 or any date thereafter at par plus accrued interest to the date of redemption. See "THE BONDS—OPTIONAL REDEMPTION." Certain of the Bonds are subject to mandatory sinking fund redemption as described herein. See "THE BONDS—MANDATORY SINKING FUND REDEMPTION."

MATURITY SCHEDULE SHOWN ON THE INSIDE COVER

Legality . . .The Bonds are offered when, as and if issued by the Authority and accepted by the underwriters listed below (the "Underwriters"), subject to the approval of legality by the Attorney General of the State of Texas and Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Certain legal matters will be passed on for the Underwriters by Andrews Kurth LLP, Houston, Texas, Counsel for the Underwriters. Certain legal matters will be passed upon for the Authority by Allen Boone Humphries Robinson LLP, Special Disclosure Counsel.

Delivery . . . It is expected that the Bonds will be available for delivery through DTC on August 22, 2012.

BOFA MERRILL LYNCH **CITIGROUP**

ESTRADA HINOJOSA & COMPANY, INC. **LOOP CAPITAL MARKETS** **RAYMOND JAMES | MORGAN KEEGAN**

MATURITY SCHEDULE

$155,085,000
FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
(Fort Bend County, Texas)
LIMITED CONTRACT TAX AND SUBORDINATE LIEN TOLL ROAD REVENUE BONDS, SERIES 2012

Due March 1	Principal Amount	Interest Rate	Initial Reoffering Yield[2]	CUSIP Number[3]
2021	$ 1,230,000	5.000 %	1.870 %	346832 AQ1
2022	2,460,000	5.000	2.030	346832 AA6
2023 [1]	3,575,000	5.000	2.180	346832 AB4
2024 [1]	3,750,000	5.000	2.290	346832 AC2
2025 [1]	3,930,000	5.000	2.380	346832 AD0
2026 [1]	4,125,000	5.000	2.460	346832 AE8
2027 [1]	4,325,000	5.000	2.530	346832 AF5
2028 [1]	4,535,000	5.000	2.610	346832 AG3
2029 [1]	4,710,000	3.000	3.070	346832 AH1
2030 [1]	4,890,000	5.000	2.760	346832 AJ7
2031 [1]	5,080,000	3.000	3.180	346832 AK4
2032 [1]	5,275,000	5.000	2.900	346832 AL2

$30,525,000 5.000% Term Bonds due March 1, 2037[1][4] - Priced to Yield 3.110%[2] - CUSIP 346832 AM0[3]
$38,850,000 5.000% Term Bonds due March 1, 2042[1][4] - Priced to Yield 3.160%[2] - CUSIP 346832 AN8[3]
$37,825,000 4.000% Term Bonds due March 1, 2046[1][4] - Priced to Yield 3.900%[2] - CUSIP 346832 AP3[3]

(Interest accrues from Delivery Date)

(1) The Authority reserves the right, at its option, to redeem the Bonds having stated maturities on and after March 1, 2023 in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2022, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS—OPTIONAL REDEMPTION."

(2) The initial reoffering prices or yields of the Bonds are furnished by the Underwriters (as defined herein) and represent the initial offering prices or yields to the public, which may be changed by the Underwriters at any time. Accrued interest from the Delivery Date of the Bonds is to be added to the price.

(3) CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. CUSIP numbers are included solely for the convenience of the purchasers of the Bonds. Neither the Authority nor the Underwriters shall be responsible for the selection or accuracy of the CUSIP numbers set forth herein.

(4) The Term Bonds are subject to mandatory sinking fund redemption as described herein. See "THE BONDS—MANDATORY SINKING FUND REDEMPTION."

This Official Statement is delivered in connection with the sale of securities referred to herein and may not be reproduced or used, in whole or in part, for any other purposes.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, salesperson or other person has been authorized by the Authority or the Underwriters to give any information or to make any representation other than those contained herein, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority, the Underwriters or any other person. The information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstance, create any implication that there has been no change in the affairs of the Authority or other matters described herein since the date hereof.

This Official Statement includes descriptions and summaries of certain events, matters and documents. Such descriptions and summaries do not purport to be complete, and all such descriptions, summaries and references thereto are qualified in their entirety by reference to this Official Statement in its entirety and to each such document, copies of which may be obtained from the Authority. Any statements made in this Official Statement or the appendices hereto involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such opinions or estimates will be realized.

The Underwriters have provided the following sentence for inclusion in this Official Statement:

> ***The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.***

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Neither the Authority, its Financial Advisor, nor the Underwriters make any representations or warranties with respect to the information contained in this Official Statement regarding DTC or its Book-Entry-Only System.

TABLE OF CONTENTS

MATURITY SCHEDULE i
REGISTRATION, SALE AND DISTRIBUTION iv
OFFICIAL STATEMENT SUMMARY iv
AUTHORITY OFFICIALS vi
Board of Directors vi
COUNTY OFFICIALS vi
Elected Officials vi
Other Elected and Appointed Officials vi
CONSULTANTS vi
MAP OF THE PROJECT vii
INTRODUCTION 1
PLAN OF FINANCING 1
Purpose of the Bonds 1
The Project 1
Sources and Uses of Bond Proceeds 2
THE BONDS 2
General 2
Optional Redemption 2
Mandatory Sinking Fund Redemption 3
Notice of Redemption 3
Book-Entry Only System 4
Trustee 6
Defeasance 6
Bondholders' Remedies 6
Special Rights of Bond Insurers and Credit Providers 6
THE AUTHORITY 6
THE COUNTY 7
THE GRAND PARKWAY SYSTEM 7
General 7
Operation and Maintenance of the System 8
Initial and Future Toll Rate Escalation Methodology 8
Toll Rate Schedule 8
SECURITY AND SOURCE OF PAYMENT 8
The Indenture and the Bonds 8
General 9
Contract with the County 9
Subordinated Pledge of Net Revenues 10
Toll Covenant 10
Maintenance Tax Covenant 10
Flow of Funds 10
Additional Bonds 12
Flow of Funds Chart 12
TOLL ROAD FINANCIAL INFORMATION 13
Pro-Forma Debt Service Requirements* 13
COUNTY TAX INFORMATION 14
Ad Valorem Tax Law 14
Effective Tax Rate and Rollback Tax Rate 15
Property Assessment and Tax Payment 15
Penalties and Interest 16
County Application of Tax Code 16
Tax Abatement Policy 16
Tax Increment Reinvestment Zone 17
Table 1 – Valuation, Exemptions and General Obligation Debt 17
Table 2 – Taxable Assessed Valuations by Category 18
Table 3 – Valuation and General Obligation Debt History 19
Table 4 – Tax Rate, Levy and Collection History 19
Table 5 – Tax Rate Distribution Analysis 19
Table 6 – Ten Largest Taxpayers 20
General Obligation Debt Tax Rate Limitation 20
Table 7 – Tax Adequacy 21
Table 8 – Estimated Consolidated Overlapping Debt 22
COUNTY DEBT INFORMATION 23
Table 9 – Pro-Forma General Obligation Debt Service Requirements 23
Table 10 – Interest and Sinking Fund Budget Projection 24
Table 11 – Authorized But Unissued Bonds 24
Anticipated Issuance of General Obligation Debt 24
Table 12 – Other Obligations 24
Pension Fund 24
Other Post-Employment Benefits 25
COUNTY FINANCIAL INFORMATION 27
Table 13 – Changes in Net Assets 27
Table 13A – General Fund Revenues and Expenditure History 28
Financial Policies 29
INVESTMENTS 30
Legal Investments 30
Investment Policies 31
Additional Provisions 31
Table 14 – Current Investments 31
General 32
Traffic and Revenue Report 32
The Grand Parkway System 33
Operating Risks 33
Payment of Debt Service and Project Expenses 33
Costs of Construction of Toll Facilities 34
Toll Rates 34
Alternative Routes 34
Motor Fuel Prices and Taxes 35
Market Disruptions, Reliance on Capital Markets and Market Turmoil 35
Limitation and Enforceability of Remedies 35
Future and Proposed Tax Legislation 35
Forward-Looking Statements 35
TAX MATTERS 36
Tax Accounting Treatment of Original Issue Discount Bonds 37
CONTINUING DISCLOSURE INFORMATION 38
The Authority 38
Annual Reports 38
Notice of Certain Events 38
Availability of Information 39
Limitations and Amendments 39
Compliance with Prior Undertakings 39
The County 40
OTHER INFORMATION 41
Ratings 41
Litigation 41
Registration and Qualification of Bonds for Sale 42
Legal Investments and Eligibility to Secure Public Funds in Texas 42
Legal Matters 42
Authenticity of Financial Data and Other Information 42
Financial Advisor 43
Underwriting 43
Forward-Looking Statements 43
MISCELLANEOUS 44
Certification of the Official Statement 44

APPENDIX A – TRAFFIC AND REVENUE STUDY
APPENDIX B – CASH FLOW PROJECTIONS
APPENDIX C – EXCERPTS FROM THE COUNTY'S COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2011
APPENDIX D – EXCERPTS FROM THE AUTHORITY'S FINANCIAL REPORT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2011
APPENDIX E – GLOSSARY OF TERMS
APPENDIX F – SUMMARY OF THE INDENTURE
APPENDIX G – OPINION OF BOND COUNSEL

REGISTRATION, SALE AND DISTRIBUTION

The Bonds have not been registered under the Federal Securities Act of 1933, as amended (in reliance upon an exemption therefrom), or the blue sky laws of any jurisdiction. The Indenture (as defined herein) has been qualified under the Federal Trust Indenture Act of 1939, as amended (in reliance upon an exemption therefrom).

OFFICIAL STATEMENT SUMMARY

This Official Statement Summary, being part of the Official Statement, is subject in all respects to the more complete information contained therein. The offering of the Bonds to potential investors is made only by means of the entire Official Statement. No person is authorized to detach this Summary Statement from the Official Statement or otherwise to use same without the entire Official Statement.

The Authority	The Fort Bend Grand Parkway Toll Road Authority (the "Authority"), a local government corporation established and operating pursuant to Chapters 284 and 431, Texas Transportation Code, as amended, was established by Fort Bend County, Texas (the "County") to aid, assist and act on behalf of the County in the development of the portion of the Grand Parkway System located within the County (the "Fort Bend Grand Parkway"). See "INTRODUCTION – DESCRIPTION OF THE AUTHORITY."
The County	Fort Bend County (the "County") is a political subdivision of the State of Texas, located in southeast Texas. The County covers approximately 886 square miles located in the greater Houston metropolitan area. The City of Richmond is the County Seat.
The Grand Parkway System	A planned system of controlled access toll lanes ranging from two to six lanes wide and over 180 miles long traversing seven counties and encircling the Greater Houston Region. The system is identified by reference to 11 segments (Segments A – I-2). Segments C and D are each primarily located within Fort Bend County.
The Fort Bend Grand Parkway	Consists of the portion of the Grand Parkway System located in the County.
The Project	Consists of the construction of the tolled overpasses on the Fort Bend Grand Parkway and the reconstruction of the existing roadway between U.S. Highway 59 to and including the intersection at Farm to Market Road 1093 (the "Westpark Tollway"). The remainder of Segment D of the Fort Bend Grand Parkway from the Westpark Tollway to Interstate 10 will not be tolled and is not being financed with proceeds of the Bonds. See "MAP OF THE PROJECT" and Figure 1-2 in the "TRAFFIC AND REVENUE STUDY" attached as APPENDIX A.
The Bonds	$155,085,000 Fort Bend Grand Parkway Toll Road Authority Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012 (the "Bonds"). The Bonds are dated August 1, 2012, and are being issued in the principal amounts and will mature on the dates set forth on the inside cover page hereof. The Bonds bear interest from the Delivery Date, at the rates per annum set forth on the inside cover page hereof, which interest is payable March 1, 2013, and each March 1 and September 1 thereafter until the earlier of maturity or redemption of the Bonds.
Redemption	The Bonds maturing on March 1, 2023 and thereafter are subject to optional redemption in whole or, from time to time, in part, on March 1, 2022 or any date thereafter at par plus accrued interest to the date of redemption. See "THE BONDS—OPTIONAL REDEMPTION." Certain of the Bonds are subject to mandatory sinking fund redemption as described herein. See "THE BONDS—MANDATORY SINKING FUND REDEMPTION."
Payment Record	The Bonds are the first series of bonds issued by the Authority. The Authority will capitalize 36 months of interest from proceeds of the Bonds.
Ratings	The Bonds have been assigned ratings of "Aa1" by Moody's Investors Service Inc. ("Moody's") and "AA+" by Fitch Ratings ("Fitch"). See "OTHER INFORMATION - RATINGS" herein.

Authority for Issuance	The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, including Chapters 284 and 431, Texas Transportation Code, Chapter 1201, Texas Government Code, the Bond Order and the Indenture.
Source of Payment for the Bonds	The Bonds are direct obligations of the Authority, payable from an unconditional obligation of the County to make contract payments pursuant to the Joint Project Agreement between the County and the Authority, from a continuing ad valorem tax levied on all taxable property within the County, within the limits prescribed by law, as provided in the Indenture, together with a subordinate lien pledge of Net Revenues of the Fort Bend Grand Parkway (as defined in the Indenture). See "SECURITY AND SOURCE OF PAYMENT." The Bonds and any additional limited contract tax and subordinate lien toll road revenue bonds issued pursuant to the Master Indenture are collectively referred to herein as the "Subordinate Lien Bonds."
Purpose of the Bonds	Proceeds from the sale of the Bonds will be used (i) to finance the design, construction, equipment and other miscellaneous costs of the Project (as defined herein), (ii) to pay 36 months of capitalized interest on the Bonds, and (iii) to pay the costs associated with the issuance of the Bonds. See "PLAN OF FINANCING."
Trustee	The initial Trustee is Wells Fargo Bank, N.A.
Tax Exemption	In the opinion of Bond Counsel, interest on the Bonds is excludable from gross income for federal income tax purposes under existing law and interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations, except for certain alternative tax consequences for corporations. See "TAX MATTERS" for a discussion of the opinion of Bond Counsel.
Book-Entry Only System	The Bonds are initially issuable only to Cede & Co., the nominee of DTC, pursuant to a book-entry only system. No physical delivery of Bonds will be made to beneficial owners. See "THE BONDS—BOOK-ENTRY-ONLY SYSTEM."

AUTHORITY OFFICIALS

BOARD OF DIRECTORS

Board of Directors	Position	Length of Service	Term Expires June 15
Jim Condrey	Chairman	1.5 Years	2014
Bobbie A. Tallas	Vice Chairman	1.5 Years	2014
Charles Rencher	Secretary	1.5 Years	2014
Cliff Terrell	Treasurer	1.5 Years	2014
Melody Hess	Assistant Secretary	1.5 Years	2014

COUNTY OFFICIALS

ELECTED OFFICIALS

Commissioners Court	Position	Length of Service	Term Expires December 31
Robert Hebert	County Judge	10 Years	2014
Richard Morrison	Commissioner - Precinct 1	4 Years	2012
Grady Prestage	Commissioner - Precinct 2	22 Years	2014
Andy Meyers	Commissioner - Precinct 3	16 Years	2012
James Patterson	Commissioner - Precinct 4	14 Years	2014

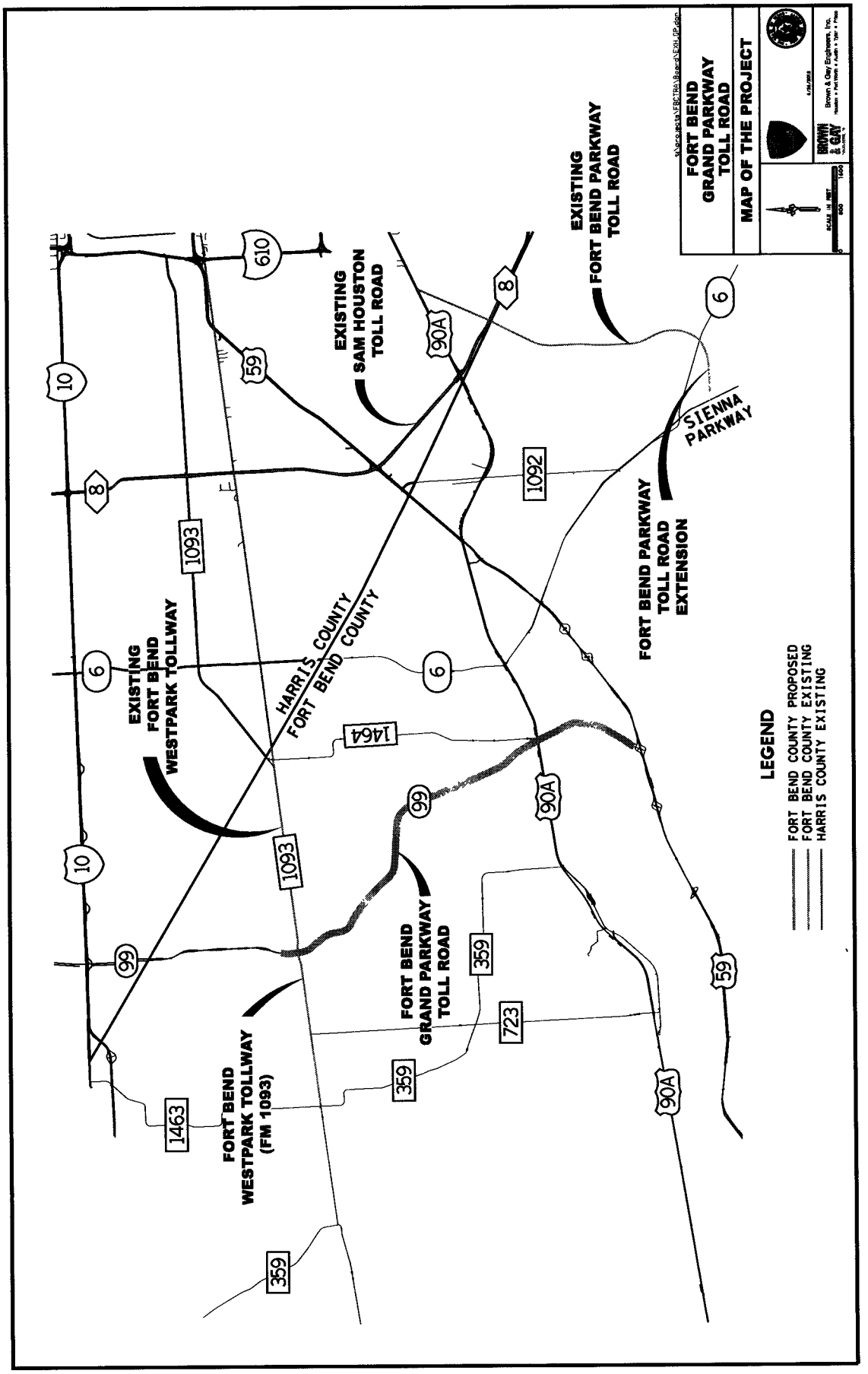
OTHER ELECTED AND APPOINTED OFFICIALS

Name	Position	Length of Service to County
Ed Sturdivant	County Auditor	10 Years
Jeff Council	County Treasurer	6 Years
Patsy Schultz	Tax Assessor/Collector	8 Years
Roy Cordes, Jr.	County Attorney	6 Years

CONSULTANTS

General Counsel, Bond Counsel and Special Disclosure Counsel	Allen Boone Humphries Robinson LLP
Financial Advisor	First Southwest Company
Transportation Consultant	WJ Interests, LLC
General Engineering Consultants	Brown & Gay Engineers, Inc.
Construction Manager	Mike Stone Associates, Inc.
Traffic and Revenue Consultant	CDM Smith Inc.

MAP OF THE PROJECT



OFFICIAL STATEMENT

$155,085,000
FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
(Fort Bend County, Texas)
LIMITED CONTRACT TAX AND SUBORDINATE LIEN
TOLL ROAD REVENUE BONDS, SERIES 2012

INTRODUCTION

This Official Statement is furnished in connection with the offering by Fort Bend Grand Parkway Toll Road Authority (the "Authority") of its $155,085,000 Fort Bend Grand Parkway Toll Road Authority Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012 (the "Bonds"). The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas, including Chapters 284 and 431, Texas Transportation Code, as amended, Chapter 1201, Texas Government Code, a Master Trust Indenture (the "Master Indenture") between the Authority and Wells Fargo Bank, N.A. (the "Trustee") dated July 1, 2012, and a First Supplemental Trust Indenture (the "Supplemental Indenture") between the Authority and the Trustee dated July 1, 2012. The Master Indenture and the Supplemental Indenture are collectively referred to as the "Indenture." All capitalized terms used herein, but not otherwise defined herein, shall have the meanings provided in the Indenture.

The audited general purpose financial statements of Fort Bend County, Texas (the "County") and the Authority for the fiscal year ended September 30, 2011, which are included in APPENDICES C and D, respectively, present information on the general financial condition of the County and the Authority as of the date and for the period shown. As used herein, the term "Fiscal Year," unless otherwise indicated, means the County's and the Authority's fiscal year, which currently is the twelve-month period beginning on October 1 of a calendar year and ending on the last day of September of the next succeeding calendar year, and each such period may be designated with the number of the calendar year in which such period ends.

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions or matters of opinion, or as to the likelihood that they will be realized.

PLAN OF FINANCING

PURPOSE OF THE BONDS

The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, including Chapters 284 and 431, Texas Transportation Code, as amended, Chapter 1201, Texas Government Code, the Bond Order, and the Indenture for the following purposes: (i) to finance the design, construction, equipment and other miscellaneous costs of the Project, (ii) to pay 36 months of capitalized interest, and (iii) to pay the costs associated with the issuance of the Bonds.

THE PROJECT

The Project consists of the construction of the tolled overpasses on the Fort Bend Grand Parkway and the reconstruction of the existing roadway from U.S. Highway 59 to and including the intersection at Farm to Market Road 1093 (the "Westpark Tollway"). The remainder of Segment D of the Fort Bend Grand Parkway from the Westpark Tollway to Interstate 10 will not be tolled and is not being financed with proceeds of the Bonds. See "THE GRAND PARKWAY SYSTEM." See also "MAP OF THE PROJECT" and Figure 1-2 in the "TRAFFIC AND REVENUE STUDY" attached as APPENDIX A.

SOURCES AND USES OF BOND PROCEEDS

Proceeds from the sale of the Bonds are expected to be expended as follows:

Sources:	
Par Amount of the Bonds	$155,085,000.00
Net Premium	18,745,356.05
Total	$173,830,356.05
Uses:	
Deposit to Construction Fund	$150,548,410.00
Capitalized Interest	21,662,726.94
Deposit to Debt Service Fund	3,327.61
Costs of Issuance	702,255.00
Underwriter's Discount	913,636.50
Total	$173,830,356.05

THE BONDS

GENERAL

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Indenture. Certain terms not defined elsewhere in this Official Statement are defined in the Indenture.

Interest on the Bonds will accrue from the Delivery Date, and will be payable on March 1 and September 1 of each year, commencing March 1, 2013. The Bonds will mature on the dates and in the amounts as provided on the inside cover page of this Official Statement. Principal of and interest on the Bonds will be payable by the Trustee to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "- BOOK-ENTRY-ONLY SYSTEM" herein for a complete discussion of DTC and Cede & Co.

In the event of a nonpayment of interest on the Bonds on a scheduled payment date and for 30 days thereafter, a new record date (the "Special Record Date") for such interest payment will be established by the Trustee, if and when funds for the payment of such interest have been received from or on behalf of the Authority. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each registered owner of a Bond appearing on the Register at the close of business on the last business day next preceding the date of mailing of such notice.

OPTIONAL REDEMPTION

The Authority reserves the right, at its option, to redeem the Bonds maturing on March 1, 2023 and thereafter in whole, or from time to time in part, on March 1, 2022 or any date thereafter at par plus accrued interest to the date of redemption. Upon redemption, the Bonds will be payable at a price equal to the principal amount of Bonds or the portions thereof so called for redemption, plus accrued interest to the date of redemption.

Bonds may be redeemed only in integral multiples of $5,000. If a Bond is subject to redemption and is in a denomination larger than $5,000, a portion of such Bond may be redeemed, but only in integral multiples of $5,000. If less than all of the Bonds are redeemed within a stated maturity at any time, the Authority shall select the particular Bonds or portions thereof to be redeemed.

MANDATORY SINKING FUND REDEMPTION

The Bonds maturing in the years 2037, 2042 and 2046, as shown below (collectively, the "Term Bonds"), are subject to mandatory redemption prior to maturity on March 1 in each of the years and respective principal amounts set forth below, in each case at a redemption price equal to 100% of the principal amount plus accrued interest to the date of redemption:

$30,525,000 Term Bonds
Due March 1, 2037

Year	Amount
2033	$5,535,000
2034	5,805,000
2035	6,090,000
2036	6,390,000
2037 (maturity)	6,705,000
	$30,525,000

$38,850,000 Term Bonds
Due March 1, 2042

Year	Amount
2038	$7,040,000
2039	7,385,000
2040	7,750,000
2041	8,135,000
2042 (maturity)	8,540,000
	$38,850,000

$37,825,000 Term Bonds
Due March 1, 2046

Year	Amount
2043	$8,920,000
2044	9,265,000
2045	9,630,000
2046 (maturity)	10,010,000
	$37,825,000

On or before January 15 of every year in which there are mandatory redemption requirements as defined above for Term Bonds, the Trustee shall (i) determine the principal amount of Term Bonds of the particular maturity that must be mandatorily redeemed on March 1 of such year, after taking into account deliveries for cancellation and optional redemptions of Term Bonds of such maturity as more fully provided below, (ii) select by lot or other customary random method the Term Bonds of such maturity (or portions thereof) to be mandatorily redeemed on January 10 of such year and (iii) give notice thereof in the manner described below. The mandatory redemption requirements stated above for the Term Bonds shall be reduced by the principal amount of any Term Bonds of such maturity purchased and delivered or tendered to the Trustee for cancellation by March 1 of such year. In addition, if in the exercise of its right of optional redemption contained in the Bond Order, the Authority shall redeem less than all of the Term Bonds of a particular maturity then outstanding, the mandatory redemption requirements in any year for the Term Bonds of such maturity shall, at the option of the Authority, be reduced by the principal amount of such Term Bonds optionally redeemed and which has not previously been the basis for a credit against the mandatory redemption requirements for the Term Bonds.

NOTICE OF REDEMPTION

In the event any of the Bonds are called for redemption, the Trustee shall give notice, in the name of the Authority, of the redemption of such Bonds, which notice shall (i) specify the Bonds to be redeemed, the redemption date, the redemption price, and the place or places where amounts due upon such redemption will be payable (which shall be the principal corporate trust office of the Trustee) and, if less than all of the Bonds are to be redeemed, the numbers of the Bonds, and the portions of the Bonds, to be so redeemed, (ii) state any condition to such redemption, and (iii) state that on the redemption date, and upon the satisfaction of any such condition, the Bonds to be redeemed shall cease to bear interest. CUSIP number identification shall accompany all redemption notices. Such notice shall be given by mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption to each Holder of Bonds to be redeemed at its address shown on the registration books kept by the Trustee; provided, however, that failure to give such notice to any Bondholder or any defect in such notice shall not affect the validity of the proceedings for the redemption of any of the other Bonds. The Trustee shall send a second notice of redemption by certified mail return receipt requested to any registered Holder who has not submitted Bonds called for redemption 30 days after the redemption date, provided, however, that the failure to give any second notice by mailing, or any defect in such notice, shall not affect the validity of any proceedings for the redemption of any of the Bonds and the Trustee shall not be liable for any failure by the Trustee to send any second notice.

Any Bonds and portions of Bonds which have been duly selected for redemption and which are paid in accordance with the Indenture shall cease to bear interest on the specified redemption date.

BOOK-ENTRY ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York, ("DTC") while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The Authority and the Financial Advisor believe the source of such information to be reliable, but neither of the Authority or the Financial Advisor takes any responsibility for the accuracy or completeness thereof.

The Authority cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, interest payments and redemption proceeds on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent/Registrar, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, interest payments and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, printed certificates for the Bonds are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to Registered Owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to Registered Owners under the Bond Order will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Authority, the Financial Advisor, or the Underwriters.

Effect of Termination of Book-Entry-Only System. In the event that the Book-Entry-Only System of the Bonds is discontinued, printed Bonds will be issued to the DTC Participants or the holder, as the case may be, and such Bonds will be subject to transfer, exchange and registration provisions as set forth in the Bond Order.

TRUSTEE

The Trustee shall be Wells Fargo Bank, N.A. At all times while any Bonds are outstanding, the Authority will provide a legally qualified bank, trust company, financial institution or other duly qualified and legally authorized entity to act as Trustee for the Bonds. The Authority reserves the right to change the Trustee for the Bonds. Promptly upon the appointment of any successor Trustee, the previous Trustee shall deliver the Register or a copy thereof to the new Trustee, and the new Trustee shall notify each registered owner of Bonds by United States mail, first-class postage prepaid, of the effective date of such change and of the address of the new Trustee.

DEFEASANCE

The Authority reserves the right to defease the Bonds in any manner now or hereafter permitted by law.

BONDHOLDERS' REMEDIES

The Indenture establishes various specific events of default with respect to the Bonds and permits the Trustee to take certain actions upon the occurrence of any of these events of default. The Trustee may and, upon the written request of the Owners of not less than 25% in aggregate principal amount of the Bonds Outstanding, shall: (a) by mandamus or other suit, action or proceeding at law or in equity require the Authority to perform its covenants, representations and duties under the Indenture; (b) bring suit upon the Bonds; (c) by action or suit in equity require the Authority to account as if it were the trustee of an express trust for the Owners of the Bonds; (d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Bonds; or (e) take such other steps to protect and enforce its rights and the rights of the Owners of the Bonds, whether by action, suit or proceeding in aid of the execution of any power herein granted or for the enforcement of any other appropriate legal or equitable remedy.

SPECIAL RIGHTS OF BOND INSURERS AND CREDIT PROVIDERS

The Indenture provides that any Supplemental Indenture may provide that issuers of municipal bond insurance, letters of credit or other instruments which guaranty the payment of principal of and interest on any Subordinate Lien Bonds or Parity Obligations may exercise the rights of the Owners thereof, including to direct the exercise of any remedies in the event of default or to consent to any future amendments to the Indenture, except with respect to any change in the terms of redemption, maturity of principal amount of such Subordinate Lien Bonds or Parity Obligations or any installment of interest thereon or any reduction in the principal amount or redemption price thereof or the rate of interest thereon.

THE AUTHORITY

The Authority was created by order of the County on June 15, 2010, to aid, assist and act on behalf of the County in the development of the County's portion of the Grand Parkway System (the "Fort Bend Grand Parkway"). The Authority is a local government corporation established and operating under Chapters 284 and 431, Texas Transportation Code, as amended.

The Authority is governed by a five-member Board of Directors, each of whom is appointed by the County's Commissioners Court. The Authority may exercise, with regard to the Fort Bend Grand Parkway, the same power and authority as may be exercised by the Commissioners Court pursuant to Chapter 284, Texas Transportation Code. Such powers include eminent domain. The Authority's Articles of Incorporation and Bylaws provide that the Commissioners Court must approve all significant decisions of the Authority. The Authority currently has no staff or employees and does not anticipate hiring any employees in the foreseeable future. The Authority contracts with professional consultants for services needed.

The Authority is responsible for development of the Fort Bend Grand Parkway, including designing, bidding and letting of contracts for the construction of the Fort Bend Grand Parkway. Construction of the Project has commenced and is expected to be completed in 2014.

THE COUNTY

The County was organized in 1838 and operates as specified under the Constitution of the State of Texas and statutes which provide for a Commissioners Court consisting of the County Judge and four Commissioners, one from each of four geographical Commissioners Precincts. The County Judge is elected for a term of four years and the Commissioners for four-year staggered terms. Other County elected officers include the County Clerk, County Attorney, County Tax Assessor/Collector and County Treasurer. The County Auditor is appointed for a term of two years by, and serves at the will of, the State District Judges whose courts are located in the County. The 2010 Census population of the County is 585,375, an increase of 65% over the 2000 Census population of 354,452. The County covers approximately 886 square miles. The City of Richmond is the County Seat.

THE GRAND PARKWAY SYSTEM

GENERAL

The Grand Parkway System is a planned system of controlled access toll lanes ranging from two to six lanes wide and 180 plus miles long traversing seven counties and encircling the Greater Houston Region. The system is identified by reference to 11 segments (Segments A – I-2). Segments C and D are each primarily located within Fort Bend County.

The Texas Department of Transportation ("TxDOT"), in cooperation with the County, constructed a combination of main lanes and frontage roads for Segment D of the Grand Parkway from U.S. Highway 59 South to Interstate 10 West (also known as State Highway 99 ("SH99"), in the early 1990s. The current roadway includes 9 at-grade signalized intersections.

In 2007, during the 80th Texas Legislature, Senate Bill 792 was signed into law giving counties the first option to develop the Grand Parkway within their respective boundaries. Under the law, a county must begin construction of its segment of the project within a two-year period after exercising its option to develop such segment, subject to litigation challenges and environmental impact clearance, otherwise its right to develop the project reverts back to the TxDOT. In September 2009, Fort Bend County Commissioners Court exercised its option to manage the financing, designing, construction, operating and tolling the Grand Parkway within Fort Bend County.

In May of 2011, the Authority executed a Right of Use Agreement with TxDOT, allowing the Authority to use state highway right-of-way and to begin construction of the nine new tolled overpasses and eight miles of main-lane reconstruction that are the initial phases of Segment D of the Fort Bend Grand Parkway (and generally referred to herein as the "Project"). The remainder of Segment D of the Fort Bend Grand Parkway from the Westpark Tollway to Interstate 10 will not be tolled and is not being financed with proceeds of the Bonds. See "MAP OF THE PROJECT" and Figure 1-2 in the "TRAFFIC AND REVENUE STUDY" attached as APPENDIX A. Construction of the first two overpasses began in August of 2011, with construction of additional overpasses and main lanes anticipated to begin in the 3rd Quarter of 2012. The Project is expected to be completed and open for traffic in 2014.

Segment D of the Grand Parkway will reduce travel time by providing tolled overpasses at the existing signalized intersections. Toll free access along SH99 using the existing at-grade intersections will remain open and available as an alternative to the toll lanes.

Pursuant to state law, the County, TxDOT, the Houston-Galveston Area Council (the metropolitan planning organization for the region) and the other six counties through which the Grand Parkway is planned, established the "SH99 Grand Parkway Toll Project Market Valuation Terms and Conditions" dated September 29, 2008 (the "Terms and Conditions"). TxDOT and the counties entered into a Market Valuation Waiver Agreement dated as of March 25, 2009 (the "Market Valuation Waiver Agreement"). The Terms and Conditions were included as an exhibit to the Market Valuation Waiver Agreement and define the scope and phasing of the 11 segments of the Grand Parkway, establish the initial toll rates on the Grand Parkway and establish a toll rate calculation methodology that includes a mechanism for periodic adjustment to toll rates (see "-INITIAL AND FUTURE TOLL RATE ESCALATION METHODOLOGY" below). The Market Valuation Waiver Agreement requires that the Grand Parkway be developed as a single project, separate from the counties' other toll roads or toll road projects. As a result, debt issued for the Grand Parkway and revenues derived from the Grand Parkway will be separate from debt and revenues of the Fort Bend Parkway and the Westpark Tollway. **Holders of the Bonds will have no right to revenues of the Fort Bend Parkway or the Westpark Tollway, and such revenues are not pledged to the Bonds and are not part of the Trust Estate.**

OPERATION AND MAINTENANCE OF THE SYSTEM

The Authority will toll, operate and maintain Segment D of the Fort Bend Grand Parkway from U.S. 59 to and including the interchange at the Westpark Tollway. The Authority is in the process of entering into contracts with outside vendors for all roadway and equipment maintenance, incident management and toll collection. In addition, the Authority is in the process of receiving proposals for a tolling system to be installed at the seven tolling locations.

The tolling system will be an all-electronic tag system that will be able to process transactions from customers by their EZ-TAG accounts with Harris County Toll Road Authority, or any other electronic toll tag issued by other tolling entities in the State. Violations will be processed utilizing an outside vendor in the same manner as violations on the existing Fort Bend County Toll Road System. These contracts will need to be finalized before the tolling operation commences.

The Authority conducted an analysis of all existing pavement along SH99 from US59 to FM1093 to determine its current condition and to allow planning and budgeting for the future repair or rehabilitation of the existing facilities.

INITIAL AND FUTURE TOLL RATE ESCALATION METHODOLOGY

Initial Toll Rates...The Terms and Conditions mandate that the initial toll rates on any segment of the Grand Parkway System will not exceed the average rate per mile for electronic toll transactions for the Harris County Toll Road System, as of the date of opening of that segment. The initial toll rate cannot be less than that rate as of September 1, 2008.

Toll Rate Escalation Methodology...The Terms and Conditions also mandate that toll rates be increased based on the then current Harris County tolling policy, but not less than the annual adjustment as follows: equal to the greater of (a) 2%, or (b) the Consumer Price Index All Urban Consumers (CPI-U) Houston-Galveston-Brazoria, as published by the Bureau of Labor Statistics for the month of August. On August 23, 2011, the Commissioners Court of the County established a toll rate setting policy (the "Toll Policy") for future toll rate adjustments on the Authority's toll facilities consistent with the Terms and Conditions. The policy provides that electronic tolling ("EZ-Tag") rates will be rounded to the nearest nickel.

TOLL RATE SCHEDULE

The following table sets forth the current toll rate schedule for the Project.

Mainlane Plazas		Toll
2 axle	Class 2	$ 0.35
3 axle	Class 3	0.50
4 axle	Class 4	0.80
5 axle	Class 5	1.05
6 axle	Class 6	1.30

Source: The Authority.

SECURITY AND SOURCE OF PAYMENT

THE INDENTURE AND THE BONDS

The Bonds are being issued pursuant to a Limited Contract Tax and Subordinate Lien Revenue Bond Trust Indenture (the "Master Indenture") between the Authority and the Trustee dated as of July 1, 2012 and a First Supplemental Trust Indenture (the "Supplemental Indenture") between the Authority and the Trustee dated as of July 1, 2012. The Master Indenture and the Supplemental Indenture are collectively referred to herein as the "Indenture." The Indenture establishes, among other things, the Flow of Funds and the conditions for issuing Additional Bonds and contains the necessary and appropriate covenants related thereto. Selected provisions of the Master Indenture and the Supplemental Indenture are contained in APPENDIX F. For a complete copy of the Master Indenture or the Supplemental Indenture, contact Bond Counsel, Allen Boone Humphries Robinson LLP, Attn: Richard Muller, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

In the Indenture, the Authority reserves the right, without the consent of the Trustee or the Owners of the Subordinate Lien Bonds, to issue unlimited amounts of Senior Indebtedness which may be secured by a pledge or lien on Net Revenues and other assets of the Authority prior to the pledge and lien of the Trust Estate (as defined herein) securing the Subordinate Lien Bonds.

GENERAL

The Subordinate Lien Bonds are secured, pursuant to the Indenture, by a pledge of and lien on all of the Authority's right, title and interest in and to the following (collectively, the "Trust Estate"): (i) the County's unconditional contractual obligation to pay the Authority from annual ad valorem taxes levied by the County, the principal of and interest on the Subordinate Lien Bonds to the extent toll revenues and other available funds are insufficient to meet the debt service on the Subordinate Lien Bonds; (ii) the money deposited or required to be deposited pursuant to the Indenture in the Tax Fund, the Reserve Fund and the Subordinate Lien Debt Service Fund and all investments thereof, except for certain interest income which may be pledged to Senior Indebtedness; (iii) the Net Revenues of the Fort Bend Grand Parkway (as such term is defined in the Indenture), subject and subordinate to any lien or pledge granted to secure Senior Indebtedness; (iv) all right, title and interest of the Authority now owned or hereafter acquired in and to moneys deposited or required to be deposited with the Trustee and to the Investment Securities held by the Trustee pursuant to the Indenture; and (v) any and all other property hereafter assigned, hypothecated, endorsed, pledged, granted, or delivered to or deposited with the Trustee to secure the Subordinate Lien Bonds, subject and subordinate to any lien or pledge heretofore or hereafter granted to secure Senior Indebtedness. Selected provisions of the Master Indenture and Supplemental Indenture are included in APPENDIX F.

The Authority reasonably anticipates that the Fort Bend Grand Parkway will generate Net Revenues in an amount sufficient to pay the debt service on the Subordinate Lien Bonds. In addition, payment of principal and interest on the Subordinate Lien Bonds is secured by a contract (the "Joint Project Agreement") with the County pursuant to which the County has agreed to levy an annual ad valorem tax, within the limits prescribed by law, for the purpose of payment of the principal of and interest on the Bonds, to the extent toll revenues and other available funds are insufficient to meet debt service on the Subordinate Lien Bonds. Concurrently with the County's approval of the Joint Project Agreement with the Authority, the County levied a tax necessary for the payment of its contractual obligations. This ad valorem tax is constitutionally limited to $0.80 per $100 of assessed value in the County.

Based upon the Traffic and Revenue Study prepared by Wilbur Smith Associates (now CDM Smith Inc.), the Authority reasonably anticipates that the Fort Bend Grand Parkway will generate Net Revenues in an amount sufficient to pay the debt service on the Bonds. A copy of the Traffic and Revenue Study for the Fort Bend Grand Parkway is attached hereto as APPENDIX A. However, payment of principal and interest on the Bonds is secured by contract payments from the County, to the extent toll revenues and other available funds are insufficient to meet debt service on the Bonds. Furthermore, the Authority has provided cash flow projections, attached as APPENDIX B, which are included for illustration purposes only, which show projected toll revenues, estimated operating and debt service expenses, and coverage calculations given certain changes in the assumptions of the Traffic and Revenue Study.

The County's audited general purpose financial statements for the fiscal year ended September 30, 2011, which are included in APPENDIX C and the Authority's audited general purpose financial statements for the fiscal year ended September 30, 2011, which are included in APPENDIX D, present information about the general financial condition of the County and the Authority, respectively, as of the date and for the period shown. As used herein, the term "Fiscal Year," unless otherwise indicated, means the County's fiscal year which currently is the twelve-month period beginning on October 1 of a calendar year and ending on September 30 of the next succeeding calendar year, and each such period may be designated with the number of the calendar year in which such period ends.

CONTRACT WITH THE COUNTY

The County and the Authority entered into the Joint Project Agreement to provide for the construction, operation and maintenance of the Grand Parkway, Segment D, including the Project. The Joint Project Agreement is dated as of July 24, 2012. The Joint Project Agreement is authorized pursuant to Texas Government Code, Section 791.028(d).

Pursuant to the Joint Project Agreement, the Authority will develop, finance, operate and maintain the Project. The County agrees to make payments to the Authority, calculated annually, and equal to the debt service on the Bonds less the estimated amount of available Net Revenues to pay debt service on the Bonds. The County's obligation to make these annual payments is unconditional and not subject to set-off, suspension, cancellation, or counterclaim.

The Joint Project Agreement provides that the Authority will reimburse any payments made by the County, with interest, if and only to the extent the Revenues of the Fort Bend Grand Parkway exceed the costs of debt service and operating and maintenance of the Fort Bend Grand Parkway for two consecutive fiscal years. The Authority may transfer the Project to the County when such transfer is permitted under the agreement with TxDOT and the County. With any such transfer, the County would be required to assume the obligations of the Bonds.

The Authority has covenanted in the Indenture not to amend the Joint Project Agreement in any way that would materially impair its ability to pay the Bonds and has covenanted to keep the agreement in full force and effect so long as the Bonds remain outstanding.

SUBORDINATED PLEDGE OF NET REVENUES

The Bonds are further secured by and payable from Net Revenues of the Fort Bend Grand Parkway, subject and subordinate to any senior pledge or lien granted to secure Senior Indebtedness. The term "Net Revenues" as defined in the Indenture means all revenues derived from the ownership and operation of the Fort Bend Grand Parkway, including the Project, which constitute revenues in accordance with generally accepted accounting principles (including any amounts derived from the ownership or operation of any project or projects with which the Project may be pooled) ("Revenues") less the sum of (i) "Operation and Maintenance Expenses," which are defined in the Indenture to include the costs of maintenance, repair, tolling costs, operation and administration of the Fort Bend Grand Parkway and (ii) the aggregate of principal and interest payments made, or to be made, on Senior Indebtedness during the period for which Net Revenues are computed or such other amount as may be defined as "Net Revenues" in any Supplemental Indenture.

TOLL COVENANT

In the Indenture, the Authority has covenanted to adopt and keep in effect for so long as the Bonds and any Additional Bonds are outstanding a plan for charging and imposing tolls and maintaining toll collecting facilities and a schedule of rates of tolls which will generate during each fiscal year an amount of Net Revenues which, together with all amounts in the Subordinate Lien Debt Service Fund as of the last day of the preceding fiscal year, will at least equal 100% of the amounts required to pay the principal of and interest on the Subordinate Lien Bonds (including the Bonds) in such fiscal year, subject to the limits, if any, imposed by the Grand Parkway Agreements. See "THE GRAND PARKWAY SYSTEM – GENERAL."

MAINTENANCE TAX COVENANT

So long as any Bonds or additional bonds are outstanding, the County shall in each year levy, assess, and collect an annual tax on all taxable property within the County fully sufficient in each year (taking into account delinquencies and costs of collection) to produce revenues which shall be sufficient to (i) pay as they become due all Project Expenses for which there are insufficient available Revenues or (ii) produce revenues for the Project equal to the amounts budgeted for such purpose in such year by the County, whichever is greater. **Any such revenues are not part of the Trust Estate and may not be applied to the payment of Debt Service on the Bonds or any Additional Bonds.**

FLOW OF FUNDS

The Indenture provides for the maintenance of the following funds:

Name of Fund	Held by
Construction Fund	Authority
Revenue Fund	Authority
Tax Fund	Authority
Subordinate Lien Debt Service Fund	Trustee
Renewal & Replacement Fund	Authority
County Reimbursement Fund	Authority
Grand Parkway System Improvement Fund	Authority

The Authority is required to deposit all Revenues into the Revenue Fund and apply them as follows: (i) first, to make all payments, deposits, and transfers required by the Indenture and any other instrument creating or evidencing Senior Indebtedness payable as a first charge on Revenues; (ii) second, to pay Operating and Maintenance Expenses; (iii) third, to establish and maintain an Operating and Maintenance Reserve within the Revenue Fund equal to three months' Operating and Maintenance Expenses; (iv) fourth, to pay any Senior Indebtedness not a first charge on the Revenues; (v) fifth, to make transfers to the Subordinate Lien Debt Service Fund as required by the Indenture; (vi) sixth, to establish and fund any amounts required to be deposited or paid by any indenture, resolution or order evidencing Junior Lien Bonds; (vii) seventh, to establish and fund any renewal and replacement requirement established by a Supplemental Indenture or indenture evidencing Senior Indebtedness; (viii) eighth, subject to certain limitations in the Indenture, to transfer to the County Reimbursement Fund amounts from time to time sufficient to reimburse the county in an aggregate amount equal to all funds previously paid by the County pursuant to the Joint Project Agreement; and (ix) ninth, the balance, if any, shall be transferred to the Grand Parkway System Improvement Fund.

Subordinate Lien Debt Service Fund. On or before the last day of each month, after making all payments in connection with Senior Indebtedness, payment of Operating and Maintenance Expenses and any payments to establish the Operating and Maintenance Reserve, remaining money in the Revenue Fund shall be transferred into the Subordinate Lien Debt Service Fund in approximately equal monthly installments sufficient to accumulate the amounts required to pay all current interest and to pay principal installments on Toll Road Tax Bonds, including the Bonds, issued under the Indenture, as the same become due and payable.

To the extent that money is not available in the Revenue Fund to make such required transfers into the Subordinate Lien Debt Service Fund, withdrawals shall be made from the Tax Fund, the Grand Parkway System Improvement Fund, the County Reimbursement Fund or the Construction Fund, at the Authority's discretion, to the extent necessary to provide for such transfer to the Subordinate Lien Debt Service Fund, in the event such transfers are insufficient.

Tax Fund. In determining the rate at which taxes should be levied each year, the Commissioners Court may consider amounts on deposit in the Subordinate Lien Debt Service Fund and the availability of Net Revenues or other moneys available from other sources which are available to pay the principal or Redemption Price of or interest on the Toll Road Tax Bonds, including the Bonds. If the Commissioners Court reasonably determines that adequate moneys from such Net Revenues or other sources are available or will be available to pay principal of, Redemption Price of and interest on the Toll Road Tax Bonds, including the Bonds, the Commissioners Court may elect not to assess and collect a tax that year.

If the County has made contract payments under the Joint Project Agreement to pay the principal on, Redemption Price of or interest on the Toll Road Tax Bonds, the Authority is required to transfer from amounts on deposit in the Tax Fund to the Subordinate Lien Debt Service Fund such amount as shall be required to enable all payments of interest, principal and any redemption price on the Toll Road Tax Bonds to be made from the Subordinate Lien Debt Service Fund when due and payable. Money in the Tax Fund shall be used solely to pay the principal or redemption price of and interest on the Toll Road Tax Bonds.

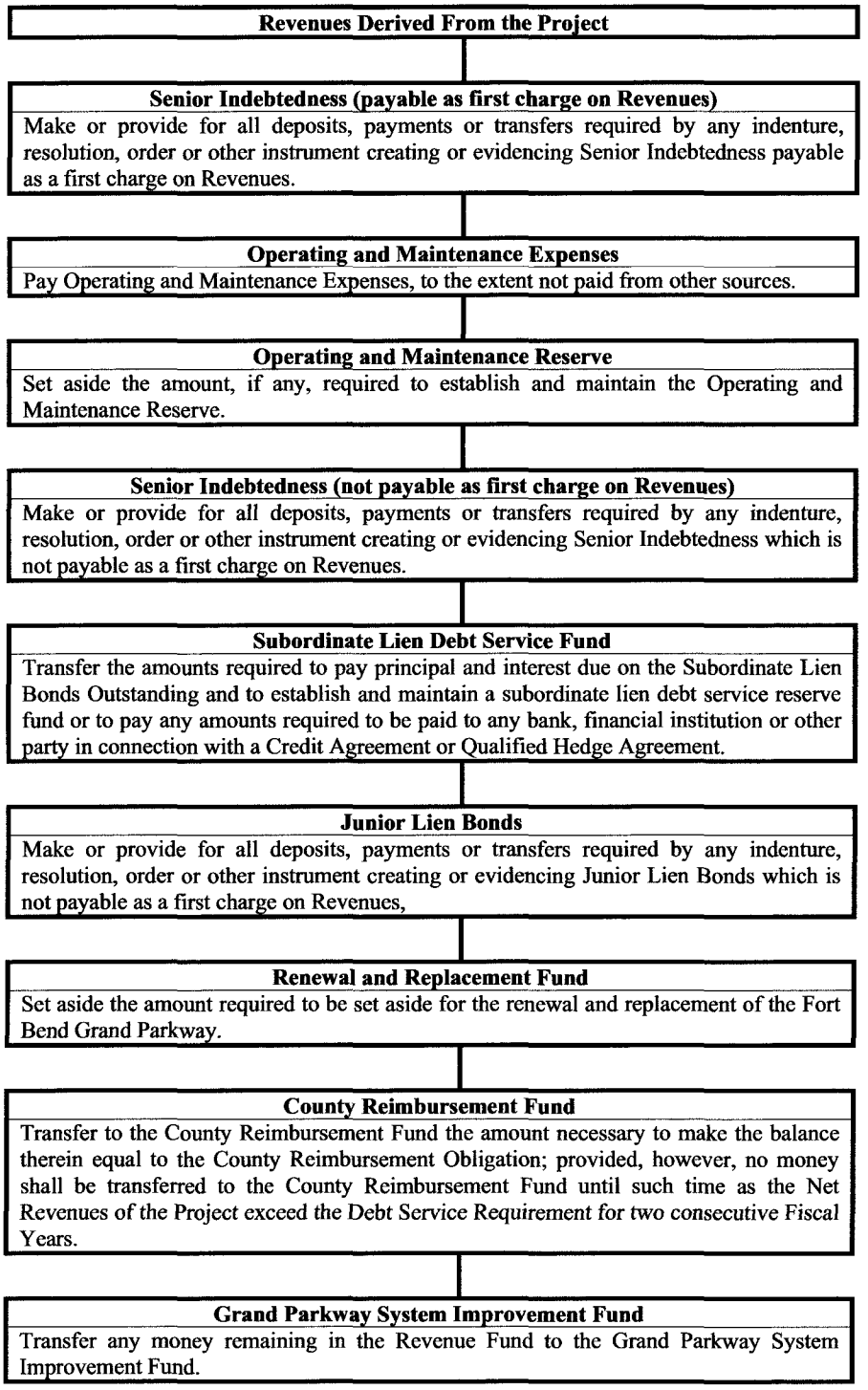
County Reimbursement Fund. On the last business day of the Fiscal Year, there shall be transferred to the County all amounts deposited in the County Reimbursement Fund.

Grand Parkway System Improvement Fund. Moneys held in the Grand Parkway System Improvement Fund may be used: (i) for the purpose of paying debt service on Toll Road Tax Bonds and Senior Indebtedness and the cost of repairs, enlargements, resurfacing, additions, renewals, improvements, reconstruction and replacements, capital expenditures, engineering and other expenses relating to the Fort Bend Grand Parkway, including the powers or functions of the Authority in connection with the Fort Bend Grand Parkway (as defined in the Indenture), (ii) for capital costs of any other segments of the Grand Parkway System as required by the Grand Parkway Agreements, and (iii) thereafter to pay capital costs, including without limitation, engineering, land acquisition and construction for any project on the County's major thoroughfare plan. Funds on deposit in the Grand Parkway System Improvement Fund may not be used for any other purpose.

ADDITIONAL BONDS

The Indenture places no limitation upon the issuance of Senior Indebtedness, nor does it place any limitation upon the issuance of additional Toll Road Tax Bonds under the Indenture. All Subordinate Lien Bonds from time to time issued under the Indenture shall be entitled to an equal and ratable interest in the Trust Estate, including all funds in the accounts established pursuant to the Indenture.

FLOW OF FUNDS CHART



TOLL ROAD FINANCIAL INFORMATION

DEBT SERVICE REQUIREMENTS

Fiscal Year September 30	Principal	Interest	Total Debt Service
2013	$ 0	$ 7,359,705	$ 7,359,705
2014	0	7,180,200	7,180,200
2015	0	7,180,200	7,180,200
2016	0	7,180,200	7,180,200
2017	0	7,180,200	7,180,200
2018	0	7,180,200	7,180,200
2019	0	7,180,200	7,180,200
2020	0	7,180,200	7,180,200
2021	1,230,000	7,149,450	8,379,450
2022	2,460,000	7,057,200	9,517,200
2023	3,575,000	6,906,325	10,481,325
2024	3,750,000	6,723,200	10,473,200
2025	3,930,000	6,531,200	10,461,200
2026	4,125,000	6,329,825	10,454,825
2027	4,325,000	6,118,575	10,443,575
2028	4,535,000	5,897,075	10,432,075
2029	4,710,000	5,713,050	10,423,050
2030	4,890,000	5,520,150	10,410,150
2031	5,080,000	5,321,700	10,401,700
2032	5,275,000	5,113,625	10,388,625
2033	5,535,000	4,843,375	10,378,375
2034	5,805,000	4,559,875	10,364,875
2035	6,090,000	4,262,500	10,352,500
2036	6,390,000	3,950,500	10,340,500
2037	6,705,000	3,623,125	10,328,125
2038	7,040,000	3,279,500	10,319,500
2039	7,385,000	2,918,875	10,303,875
2040	7,750,000	2,540,500	10,290,500
2041	8,135,000	2,143,375	10,278,375
2042	8,540,000	1,726,500	10,266,500
2043	8,920,000	1,334,600	10,254,600
2044	9,265,000	970,900	10,235,900
2045	9,630,000	593,000	10,223,000
2046	10,010,000	200,200	10,210,200
Total	$ 155,085,000	$ 168,949,305	$ 324,034,305

COUNTY TAX INFORMATION

AD VALOREM TAX LAW

The appraisal of property within the County is the responsibility of the Fort Bend Central Appraisal District (the "Appraisal District"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under the Property Tax Code to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal and market data comparison method of appraisal, and the method considered most appropriate by the chief appraiser is to be used. State law further limits the appraised value of a residence homestead for a tax year to an amount not to exceed the less of (1) the market value of the property, or (2) the sum of (a) 10% of the appraised value of the property for the last year in which the property was appraised for taxation times the number of years since the property was last appraised, plus (b) the appraised value of the property for the last year in which the property was appraised plus (c) the market value of all new improvements to the property. The value placed upon property within the Appraisal District is subject to review by an Appraisal Review Board, consisting of three members appointed by the Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the Appraisal District at least every three years. The County may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the County by petition filed with the Appraisal Review Board.

Reference is made to the Texas Property Tax Code, for identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Article VIII of the Texas Constitution ("Article VIII") and State law provide for certain exemptions from property taxes, the valuation of agricultural and open-space lands at productivity value, and the exemption of certain personal property from ad valorem taxation.

Under Section 1-b, Article VIII, and State law, the governing body of a political subdivision, at its option, may grant: (1) An exemption of not less than $3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision; (2) An exemption of up to 20% of the market value of residence homesteads. The minimum exemption under this provision is $5,000.

In the case of residence homestead exemptions granted under Section 1-b, Article VIII, ad valorem taxes may continue to be levied against the value of homesteads exempted where ad valorem taxes have previously been pledged for the payment of debt if cessation of the levy would impair the obligation of the contract by which the debt was created.

State law and Section 2, Article VIII, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces; the exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from $5,000 to a maximum of $12,000.

Effective January 1, 2004, under Article VIII and State law, the governing body of a county, municipality or junior college district, may freeze the total amount of ad valorem taxes levied on the residence homestead of a disabled person or persons 65 years of age or older to the amount of taxes imposed in the year such residence qualified for such exemption. Also, upon receipt of a petition signed by five percent of the registered voters of the county, municipality or junior college district, an election must be held to determine by majority vote whether to establish such a limitation on taxes paid on residence homesteads of persons 65 years of age or who are disabled. Upon providing for such exemption, such freeze on ad valorem taxes is transferable to a different residence homestead and to a surviving spouse living in such homestead who is disabled or is at least 55 years of age. If improvements (other than maintenance or repairs) are made to the property, the value of the improvements is taxed at the then current tax rate, and the total amount of taxes imposed is increased to reflect the new improvements with the new amount of taxes then serving as the ceiling on taxes for the following years. Once established, the tax rate limitation may not be repeated or rescinded.

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Section 1-d and 1-d-1.

Nonbusiness personal property, such as automobiles or light trucks, are exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. Boats owned as nonbusiness property are exempt from ad valorem taxation.

Article VIII, Section 1-j, provides for "freeport property" to be exempted from ad valorem taxation. Freeport property is defined as goods detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. Decisions to continue to tax may be reversed in the future; decisions to exempt freeport property are not subject to reversal.

See "– TABLE 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT" for exemptions.

The County may enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The County in turn agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. See "– TAX ABATEMENT POLICY."

EFFECTIVE TAX RATE AND ROLLBACK TAX RATE

By each September 1 or as soon thereafter as practicable, the Commissioners Court adopts a tax rate per $100 taxable value for the current year. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, and (2) a rate for debt service.

Under the Property Tax Code, the County must annually calculate and publicize its "effective tax rate" and "rollback tax rate". The Commissioners Court may not adopt a tax rate that exceeds the prior year's levy until it has held a public hearing on the proposed increase following notice to the taxpayers and otherwise complied with the Property Tax Code. If the adopted tax rate exceeds the rollback tax rate the qualified voters of the County by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

"Effective tax rate" means the rate that will produce last year's total tax levy (adjusted) from this year's total taxable values (adjusted). "Adjusted" means lost values are not included in the calculation of last year's taxes and new values are not included in this year's taxable values.

"Rollback tax rate" means the rate that will produce last year's maintenance and operation tax levy (adjusted) from this year's values (adjusted) multiplied by 1.08 plus a rate that will produce this year's debt service from this year's values (unadjusted) divided by the anticipated tax collection rate.

The Property Tax Code provides that certain cities and counties in the State may submit a proposition to the voters to authorize an additional one-half cent sales tax on retail sales of taxable items. If the additional tax is levied, the effective tax rate and the rollback tax rate calculations are required to be offset by the revenue that will be generated by the sales tax in the current year.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

PROPERTY ASSESSMENT AND TAX PAYMENT

Property within the County is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of a valuation process which uses an average of the daily price of oil and gas for the prior year. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1.

PENALTIES AND INTEREST

Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6 %	1 %	7 %
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, a 15% attorney's collection fee is added to the total tax penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the County's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

COUNTY APPLICATION OF TAX CODE

The County grants an exemption to the market value of the residence homestead of persons over 65 years of age or disabled of $100,000.

The County has granted an additional exemption of 20% of the market value of residence homesteads.

See "TABLE 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT" for a listing of the amounts of the exemptions described above.

The County has not adopted the tax freeze for citizens who are disabled or are 65 years of age or older, which became a local option and subject to local referendum on January 1, 2004.

Ad valorem taxes are not levied by the County against the exempt value of residence homesteads for the payment of debt.

The County does not tax nonbusiness personal property; and the County collects its own taxes.

The County does not permit split payments, and discounts are not allowed.

The County does tax freeport property.

The County does not collect the additional one-half cent sales tax for reduction of ad valorem taxes.

TAX ABATEMENT POLICY

The County has established a tax abatement program to encourage economic development. In order to be considered for tax abatement, a project must meet several criteria pertaining to job creation and property value enhancement. The value of property subject to abatement is shown in "TABLE 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT."

TAX INCREMENT REINVESTMENT ZONE

A municipality in the County may establish a tax increment reinvestment zone ("TIRZ") within a defined area of such municipality. In 2005, the Texas Legislature authorized Texas counties to create a TIRZ within a defined area of the county. The cost of certain public improvements in a TIRZ may be financed or repaid by contribution of future tax revenues from incremental increases in property values in the TIRZ. The County may contribute all or a portion of its tax revenue on such increase in value to a special tax increment fund created by the municipality. The County has agreed to participate in TIRZs in the past and may continue to do so in the future. Increment revenue derived from the participation of the County in a TIRZ will not be available for payment on the Bonds.

TABLE 1 – VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2011/2012 Certified Appraised Value by Fort Bend Central Appraisal District (excluding totally exempt property)		$50,758,690,938
Less Exemptions/Reductions at 100% Market Value:		
Residential Homestead Exemptions	$5,489,886,004	
Over 65 Exemptions	1,886,672,409	
Disabled & Deceased Veteran's Exemptions	308,485,286	
Lease Vehicle Exemption	140,572,896	
Abatements	294,407,390	
Productivity Loss	2,327,154,350	
Pollution	378,077,680	
House Bill 366	235,735	
Historical	12,764,075	
Community Housing Development	16,080,470	
Prorated Exempt Property	9,865,854	
10% Homestead Cap Adjustment	92,112,500	10,956,314,649
2011/2012 Taxable Assessed Valuation		$39,802,376,289
County Funded Debt Payable from Ad Valorem Taxes (as of August 1, 2012)		
Limited Tax Bonds	$ 190,330,000	
Unlimited Tax Road Bonds	164,190,000	
Unlimited Tax Toll Road Bonds	122,705,000 (1)	
Fort Bend Flood Control Water Supply Corp. Revenue Bonds	8,665,000	
The Bonds	155,085,000 (2)	
County Funded Debt Payable from Ad Valorem Taxes		$ 640,975,000
Ratio Tax Supported Gross Debt to Taxable Assessed Valuation		1.61%

2012 Population Estimate - 606,786 (3)
Per Capita Taxable Assessed Valuation - $65,595
Per Capita Tax Debt - $1,056

(1) These bonds are deemed to be self-supporting from revenues of the Fort Bend Parkway and the Westpark Tollway.
(2) These bonds are deemed to be self-supporting from revenues of the Fort Bend Grand Parkway.
(3) Source: Fort Bend County.

TABLE 2 – TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Tax Year					
	2011		2010		2009	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 33,271,249,534	65.55%	$ 32,405,502,925	64.81%	$ 31,469,106,324	62.57%
Real, Residential, Multi-Family	986,735,050	1.94%	974,134,090	1.95%	933,131,501	1.86%
Real, Vacant Lots/Tracts	1,032,622,618	2.03%	1,017,512,443	2.04%	1,117,900,848	2.22%
Real, Acreage (Land Only)	2,580,025,665	5.08%	2,640,019,515	5.28%	2,747,928,916	5.46%
Real, Farm and Ranch Improvements	341,573,665	0.67%	336,375,780	0.67%	337,629,492	0.67%
Real, Commercial and Industrial	7,067,549,562	13.92%	7,186,318,692	14.37%	7,657,173,417	15.22%
Real, Oil, Gas & Other Mineral Reserves	273,708,150	0.54%	334,652,480	0.67%	288,508,240	0.57%
Real and Tangible Personal, Utilities	661,873,150	1.30%	680,505,438	1.36%	708,852,540	1.41%
Tangible Personal, Commercial and Industrial	3,644,423,318	7.18%	3,519,402,303	7.04%	3,901,899,997	7.76%
Tangible Personal, Other	56,173,610	0.11%	56,757,845	0.11%	65,568,290	0.13%
Real, Inventory	758,201,911	1.49%	789,447,630	1.58%	998,032,310	1.98%
Special Inventory	74,156,420	0.15%	46,825,140	0.09%	61,579,430	0.12%
Intangible Property and/or Uncertified Property	10,398,285	0.02%	10,051,655	0.02%	9,736,015	0.02%
Total Appraised Value Before Exemptions	$ 50,758,690,938	100.00%	$ 49,997,505,936	100.00%	$ 50,297,047,320	100.00%
Less: Total Exemptions/Reductions	10,956,314,649		10,994,891,710		10,958,724,489	
Taxable Assessed Value	$ 39,802,376,289		$ 39,002,614,226		$ 39,338,322,831	

	Tax Year			
	2008		2007	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 29,600,226,897	62.03%	$ 26,074,875,092	62.60%
Real, Residential, Multi-Family	856,320,675	1.79%	740,362,100	1.78%
Real, Vacant Lots/Tracts	1,025,949,648	2.15%	896,515,866	2.15%
Real, Acreage (Land Only)	2,327,690,553	4.88%	1,752,086,402	4.21%
Real, Farm and Ranch Improvements	332,671,171	0.70%	298,632,638	0.72%
Real, Commercial and Industrial	7,381,581,427	15.47%	6,017,907,895	14.45%
Real, Oil, Gas & Other Mineral Reserves	460,348,230	0.96%	484,742,740	1.16%
Real and Tangible Personal, Utilities	714,323,255	1.50%	683,824,846	1.64%
Tangible Personal, Commercial and Industrial	3,721,004,950	7.80%	3,447,644,919	8.28%
Tangible Personal, Other	67,335,172	0.14%	72,602,165	0.17%
Real, Inventory	1,154,054,680	2.42%	1,104,613,967	2.65%
Special Inventory	73,003,110	0.15%	70,754,990	0.17%
Intangible Property and/or Uncertified Property	7,596,006	0.02%	6,722,296	0.02%
Total Appraised Value Before Exemptions	$ 47,722,105,774	100.00%	$ 41,651,285,916	100.00%
Less: Total Exemptions/Reductions	10,086,091,068		8,535,703,347	
Taxable Assessed Value	$ 37,636,014,706		$ 33,115,582,569	

NOTE: Valuations shown are certified taxable assessed values reported by the Fort Bend Central Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

TABLE 3 – VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended Sept 30	Estimated Population[1]	Taxable Assessed Valuation[2]	Taxable Assessed Valuation Per Capita	Tax Supported Debt Outstanding at End of Year	Ratio of Tax Supported Debt to Taxable Assessed Valuation	Tax Supported Debt Per Capita	Tax Year
2007	501,974	$ 28,933,750,694	$ 57,640	$ 375,765,000	1.30%	$ 749	2006
2008	501,974	33,115,582,569	65,971	367,690,000	1.11%	732	2007
2009	528,392	37,636,014,706	71,227	479,050,000	1.27%	907	2008
2010	547,876	39,338,322,831	71,802	467,300,000	1.19%	853	2009
2011	585,375	39,002,614,226	66,628	452,755,000	1.16%	773	2010
2012	606,786	39,802,376,289	65,595	647,755,000 [3]	1.63% [3]	1,068 [3]	2011

(1) Source: Fort Bend Economic Development Council.
(2) As reported by the Fort Bend Central Appraisal District; subject to change during the ensuing year.
(3) Includes the Bonds.

TABLE 4 – TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended	Tax Rate	Tax Levy	% Current Collections[1]	% Total Collections[2]
2007	$ 0.51674	$ 148,924,916	98.14%	99.86%
2008	0.51674	171,897,689	98.32%	99.72%
2009	0.49976	188,607,365	98.62%	99.72%
2010	0.49976	196,771,337	99.00%	99.64%
2011	0.49976	194,935,715	99.14%	99.47%
2012	0.49976	198,468,874	97.12% [3]	97.12% [3]

(1) Collected within the fiscal year of the levy.
(2) As of September 30, 2011 for each respective year's levy.
(3) Represents collections as of April 30, 2012.

TABLE 5 – TAX RATE DISTRIBUTION ANALYSIS

	Tax Year				
	2011	2010	2009	2008	2007
General Fund	$ 0.38184	$ 0.38100	$ 0.38620	$ 0.39595	$ 0.41454
Road & Bridge Fund	0.03032	0.02770	0.03100	0.03920	0.02420
Debt Service Fund[1]	0.06880	0.07146	0.06180	0.04861	0.06000
Drainage District	0.01880	0.01960	0.02076	0.01600	0.01800
Farm-to-Market & Lateral Road Fund	0.00000	0.00000	0.00000	0.00000	0.00000
County Total Tax Rate	$ 0.49976	$ 0.49976	$ 0.49976	$ 0.49976	$ 0.51674

(1) The debt service fund tax includes a levy for unlimited tax bonds which are outside the constitutional tax limit.

TABLE 6 – TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2011/2012 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
NRG Texas Power LLC	Electric Utility	$1,421,179,330	3.57%
Centerpoint Energy Electric	Electric Utility	237,460,690	0.60%
Katy Mills Mall LTD Partnership[(1)]	Shopping Mall	100,168,290	0.25%
First Colony Mall Venture	Shopping Mall	94,024,230	0.24%
Inova Geophysical Equipment	Geophysical Technology	84,725,890	0.21%
Tramontina USA Inc.	Manufacturing	83,604,240	0.21%
Cardinal Health 411 Inc.	Healthcare	78,578,240	0.20%
Lakepointe Assets LLC	Commercial	74,000,000	0.19%
Fountains Dunhill LLC	Commercial	70,886,673	0.18%
Medistar Sugar Land Medical Center, Ltd.	Healthcare	70,524,870	0.18%
		$2,315,152,453	5.82%

(1) The County has agreed to participate in the City of Katy TIRZ that includes Katy Mills Mall. Under its TIRZ Participation Agreement with the City of Katy, the County has agreed to contribute fifty percent of the tax increment produced in the City of Katy TIRZ to the City of Katy tax increment fund.

GENERAL OBLIGATION DEBT TAX RATE LIMITATION

Limited Tax Bonds Payable From the $0.80 Constitutional Tax Rate . . . Texas Government Code, Section 1301.003, limits the amount of bonds that may be issued for certain purposes as follows:

Courthouse Bonds	-	2% of Assessed Valuation
Jail Bonds	-	1 1/2% of Assessed Valuation
Courthouse and Jail Bonds	-	3 1/2% of Assessed Valuation
Road and Bridge Bonds	-	1 1/2% of Assessed Valuation

However, courthouse, jail and certain other types of bonds may be issued under the separate statutory authority, which removes the above limitations.

Article VIII, Section 9, of the Texas Constitution, imposes a limit of $0.80 per $100 Assessed Valuation for all constitutional purposes, including the General Fund, Permanent Improvement Fund, Road and Bridge Fund and Jury Fund, and debt service of bonds, certificates, warrants and certificates of obligation issued against such funds. Administratively, the Attorney General of the State of Texas will permit allocation of $0.40 of the $0.80 constitutional tax rate for Limited Tax Bond debt service.

The County's obligation to make contract payments to the Authority in connection with the Fort Bend Grand Parkway pursuant to the Joint Project Agreement is subject to this constitutional limitation.

Unlimited Tax Road Bonds . . . Article III, Section 52, Texas Constitution, provides that Unlimited Tax Road Bond Debt may not exceed 25% of the County's assessed valuation of real estate.

TABLE 7 – TAX ADEQUACY

2012 Principal and Interest Requirements	$34,214,559	(1)
$0.08960 Tax Rate at 96% Collection Produces	$ 34,236,412	
Average Principal and Interest Requirements (2012-2021)	$ 46,863,927	(1)
$0.12270 Tax Rate at 96% Collection Produces	$ 46,884,015	
Average Principal and Interest Requirements (2022-2026)	$ 48,669,268	(1)
$0.12740 Tax Rate at 96% Collection Produces	$ 48,679,898	
Average Principal and Interest Requirements (2027-2032)	$ 39,438,718	(1)
$0.10330 Tax Rate at 96% Collection Produces	$ 39,471,221	
Maximum Principal and Interest Requirements (2021)	$ 49,503,335	(1)
$0.12960 Tax Rate at 96% Collection Produces	$ 49,520,524	

(1) Includes the Bonds.

TABLE 8 – ESTIMATED CONSOLIDATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the County are paid out of ad valorem taxes levied by such entities on properties within the County. Such entities are independent of the County and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the County, the County has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the County.

Taxing Jurisdiction	Total G.O. Debt as of Various Dates		Estimated % Applicable	County's Overlapping G.O. Debt as of Various Dates	
Fort Bend County	**$ 640,975,000**	(1)	**100.00%**	**$ 640,975,000**	(1)
Cities					
Arcola	1,655,000		100.00%	$ 1,655,000	
Beasley	370,000		100.00%	370,000	
Kendleton	64,000		100.00%	64,000	
Meadows Place	3,645,000		100.00%	3,645,000	
Needville	85,000		100.00%	85,000	
Orchard	37,000		100.00%	37,000	
Richmond	10,645,000		100.00%	10,645,000	
Rosenberg	52,029,000		100.00%	52,029,000	
Sugar Land	236,556,502		100.00%	236,556,502	
County-Line Cities					
Houston	3,408,440,000		0.61%	$ 20,791,484	
Katy	11,865,000		39.36%	4,670,064	
Missouri City	159,340,000		95.65%	152,408,710	
Pearland	307,985,000		1.61%	4,958,559	
Stafford	635,000		100.00%	635,000	
Total Cities				$ 488,550,319	
School Districts					
Fort Bend ISD	951,714,425		100.00%	$ 951,714,425	
Lamar Consolidated ISD	453,390,000		100.00%	453,390,000	
Needville ISD	72,240,000		100.00%	72,240,000	
County-Line School Districts					
Brazos ISD	16,769,993		73.16%	$ 12,268,927	
Katy ISD	1,077,256,064		36.98%	398,369,292	
Stafford MSD	63,840,000		99.62%	63,597,408	
Total School Districts				$ 1,951,580,052	
Total Special District Debt (2)				$ 1,939,061,149	
Other					
Houston Community College District	181,000,000		2.91%	$ 5,267,100	
Total Other				$ 5,267,100	
Summary of Total Estimated Overlapping Debt					
Cities				$ 488,550,319	
School Districts				1,951,580,052	
Special Districts				1,939,061,149	
Other				5,267,100	
Estimated Overlapping Debt				$ 4,384,458,620	
Fort Bend County - Direct Obligations				$ 640,975,000	(1)
Total Direct and Estimated Overlapping Debt				$ 5,025,433,620	

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas.

(1) County debt outstanding as of August 1, 2012. Includes the Bonds.

(2) Total Special District Debt includes numerous special districts with varying amounts of debt applicable to the County.

COUNTY DEBT INFORMATION

TABLE 9 – GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

	County Debt Paid From Ad Valorem Taxes						
Year End September 30	Limited Tax Bonds	Unlimited Tax Bonds	Flood Control Water Supply Corporation Limited Tax Bonds	Total Debt Service Paid From Ad Valorem Taxes	Toll Road Tax Bonds[1]	Fort Bend Grand Parkway Toll Road Authority Limited Contract Tax Bonds[2]	Grand Total Requirements
2012	$ 15,911,263	$ 11,890,218	$ 1,284,738	$ 29,086,218	$ 5,128,341		$ 34,214,559
2013	15,912,200	15,193,110	1,270,119	32,375,429	8,603,476	$ 7,359,705	48,338,610
2014	15,916,938	15,092,910	1,323,700	32,333,548	8,176,450	7,180,200	47,690,198
2015	15,915,238	14,991,335	1,262,300	32,168,873	8,288,725	7,180,200	47,637,798
2016	15,918,338	14,898,898	1,182,100	31,999,335	8,839,625	7,180,200	48,019,160
2017	15,509,113	14,785,785	1,128,000	31,422,898	9,346,625	7,180,200	47,949,723
2018	15,513,038	14,689,135	1,074,500	31,276,673	9,921,875	7,180,200	48,378,748
2019	15,512,088	14,583,585	1,026,500	31,122,173	10,157,625	7,180,200	48,459,998
2020	15,513,488	14,482,085	949,500	30,945,073	10,321,875	7,180,200	48,447,148
2021	15,512,944	14,384,741	893,200	30,790,885	10,333,000	8,379,450	49,503,335
2022	15,512,750	12,545,326		28,058,076	10,339,125	9,517,200	47,914,401
2023	15,512,125	12,535,649		28,047,774	10,320,250	10,481,325	48,849,349
2024	15,515,500	12,543,281		28,058,781	10,354,875	10,473,200	48,886,856
2025	15,511,344	12,539,469		28,050,813	10,332,250	10,461,200	48,844,263
2026	15,512,875	12,541,647		28,054,522	10,342,125	10,454,825	48,851,472
2027	15,508,556	10,177,963		25,686,519	10,347,875	10,443,575	46,477,969
2028	15,512,588	8,267,450		23,780,038	10,339,000	10,432,075	44,551,113
2029	15,513,969	8,269,150		23,783,119	10,329,875	10,423,050	44,536,044
2030	15,511,213	4,497,000		20,008,213	10,357,188	10,410,150	40,775,550
2031	9,884,306	4,493,500		14,377,806	10,317,375	10,401,700	35,096,881
2032		4,494,625		4,494,625	10,311,500	10,388,625	25,194,750
2033						10,378,375	10,378,375
2034						10,364,875	10,364,875
2035						10,352,500	10,352,500
2036						10,340,500	10,340,500
2037						10,328,125	10,328,125
2038						10,319,500	10,319,500
2039						10,303,875	10,303,875
2040						10,290,500	10,290,500
2041						10,278,375	10,278,375
2042						10,266,500	10,266,500
2043						10,254,600	10,254,600
2044						10,235,900	10,235,900
2045						10,223,000	10,223,000
2046						10,210,200	10,210,200
	$ 306,629,869	$ 247,896,861	$ 11,394,656	$ 565,921,386	$ 202,809,054	$ 324,034,305	$ 948,617,920

(1) These bonds are deemed to be self-supporting from revenues of the Fort Bend Parkway and the Westpark Tollway.
(2) These bonds are deemed to be self-supporting from revenues of the Fort Bend Grand Parkway.

TABLE 10 – INTEREST AND SINKING FUND BUDGET PROJECTION

Tax Supported Debt Service Requirements, Fiscal Year Ending September 30, 2012		$ 34,214,559
Interest and Sinking Fund, September 30, 2011	$ 5,181,758	
Estimated Interest and Sinking Fund Tax Levy @ 97% Collections	26,562,514	
Transfer from Toll Road Authority	5,128,341	
Projected Other Income	1,045,000	37,917,612
Estimated Balance, September 30, 2012		$ 3,703,053

TABLE 11 – AUTHORIZED BUT UNISSUED BONDS

Purpose	Date Authorized	Amount Authorized	Issued To Date	Unissued Balance
County Roads	5/12/2007	$ 156,000,000	$ 115,000,000	$ 41,000,000

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT

The County does not anticipate any further issuance of general obligation debt in the current fiscal year.

TABLE 12 – OTHER OBLIGATIONS

As of September 30, 2011, the County has no other outstanding obligations.

PENSION FUND

The County provides pension, disability and death benefits for all of its full-time employees through a non-traditional, joint contributory, defined contribution plan in the state-wide Texas County and District Retirement System (TCDRS). Under the state law governing TCDRS, the contribution rate of the County is a fixed percent equal to twice the contribution rate payable by the employee member. Currently, the employee member is required to contribute 7% and the County contributes 14%. This rate is not actuarially determined and is one of the rates that can be adopted by the County in accordance with the TCDRS Act. The matching rate is funded by direct allocation by the County along with plan savings from the prior year, therefore the actual allocation rate is less. The following schedule shows the County allocation rate over the past five years that was necessary to achieve a contribution rate of 14%:

Year:	2009	2010	2011	2012	2013
Rate:	10.07%	10.83%	10.65%	11.12%	11.55%

The plan of benefits adopted by the employer at the time of plan inception and when benefit increases are adopted is limited by statute to what the actuary determines can be adequately financed by the commitment of the employer to contribute on behalf of the employee to achieve the match described above. The statute specifies that the actuary's determination is based on a maximum period for amortizing the unfunded pension benefit obligation of 30 years. The schedule below shows a 5-year analysis of the County's pension benefit funding (data as of 12/31/2011 is not yet available):

Schedule of Funding Information

Actuarial valuation date	12/31/2006	12/31/2007	12/31/2008	12/31/2009	12/31/2010
Actuarial value of assets	$ 186,654,926	$ 205,614,643	$ 209,747,313	$ 238,298,754	$ 257,926,802
Actuarial accrued liability (AAL)	$ 211,484,564	$ 232,539,055	$ 254,807,906	$ 283,956,716	$ 307,767,507
Unfunded/(Overfunded) actuarial accrued liability (UAAL or OAAL)	$ 24,829,638	$ 26,924,412	$ 45,060,593	$ 45,657,962	$ 49,840,705
Funded ratio	88.26%	88.42%	82.32%	83.92%	83.81%
Annual covered payroll (actuarial)	$ 73,899,065	$ 81,337,945	$ 92,096,921	$ 104,983,019	$ 106,041,139
UAAL or OAAL as % of covered payroll	33.60%	33.10%	48.93%	43.49%	47.00%

(For more detailed information concerning the retirement plan, see APPENDIX C – EXCERPTS FROM THE COUNTY'S ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDING SEPTEMBER 30, 2011 - Note 8.)

OTHER POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits through the TCDRS, the County sponsors and administers a single-employer defined benefit health care plan titled "Fort Bend County Employee Benefit Plan" (the "Plan"). The Plan was established and approved by Fort Bend County Commissioners Court and Chapter 175 of the Local Government Code which provides eligible employees, retirees, and their eligible dependents with the following post-employment benefits:

• Eligible retirees have a portion of their medical and dental insurance premiums paid by the County for participation with the County's healthcare provider; and at the County's cost to cover current employees

• Eligible dependents of retirees have a portion of their medical and dental insurance premiums paid by the County for participation with the County's healthcare provider; and at the County's cost to cover current employees

The Plan does not issue a separate, publicly available report.

The contribution requirements of the County and plan members are established and may be amended by Commissioners Court. These contributions are neither guaranteed nor mandatory. The County has retained the right to unilaterally modify its payments toward retiree healthcare benefits. The Plan provides for the payment of a portion of the health and dental insurance premiums for eligible retired employees and their dependents. Plan members receiving benefits contribute a percentage of the monthly insurance premium. Currently, the Plan pays a portion of the retiree's premiums, as well as his or her dependent coverage. The retiree contributes the premium cost each month, less the Plan subsidy.

The County is statutorily required to permit retiree participation in the health insurance program on a pooled non-differentiated basis. The County, therefore, charges both groups an equal, blended rate premium. Although both groups are charged the same rate, GAAP requires the actuarial figures to be calculated using age adjusted premiums approximating claim costs for retirees separately from active employees. The use of age adjusted premiums results in the addition of an implicit rate subsidy into the actuarial accrued liability. However, the County has elected to contribute to the Plan at a rate that is based on an actuarial valuation prepared using the blended rate premium that is actually charged to the Plan.

The County recognizes its share of the costs of providing these benefits when paid, on a "pay-as-you-go" basis. These payments are budgeted annually. The County contributed approximately $2.7 million for the fiscal year ended September 30, 2011. At September 30, 2011, there were 365 retirees receiving benefits and approximately 2,275 active members not yet eligible to receive such benefits. Commencing in fiscal year 2008, the County implemented GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions." The County performs an annual actuarial valuation of its post-retirement benefit liability. The County discusses the pre-funding of this liability annually during the budget process while reviewing the actuarial valuation. The County has chosen to first modify the Plan to control and reduce cost before pre-funding the OPEB liability. The changes are not influencing the actuarial calculation yet. The major changes are:

- Increase the vesting period to be eligible to retire from 8 years to 16 years beginning 1/1/2010.
- Changed to a national provider network in 2012 to achieve greater discounts.
- Opened an employee/retiree primary care clinic January 2012 to control utilization and costs.

The financial statement disclosures for 2011 are as follows:

For fiscal year 2011, the County's annual OPEB cost for the Plan was $31,751,414. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended September 30, 2011, were as follows:

	Fiscal Year Ending 9/30/11
Determination of Annual Required Contribution	
Normal Cost at Fiscal Year End	$ 17,130,282
Amortization of Unfunded Actuarial Accrued Liability	15,793,330
Annual Required Contribution (ARC)	32,923,612
Determination of Net OPEB Obligation	
Annual Required Contribution	32,923,612
Interest on prior-year Net OPEB Obligation	3,004,505
Adjustment to ARC	(4,176,703)
Annual OPEB Cost	31,751,414
Less Assumed Contributions Made	(5,104,000)
Estimated Increase in Net OPEB Obligation	26,647,414
Net OPEB Obligation - Beginning of Year	75,112,628
Net OPEB Obligation - End of Year	$ 101,760,042
Percentage of OPEB Cost Contributed	16.1%

The following table shows the annual OPEB cost and net OPEB obligation for fiscal years 2008-2011 assuming the plan is not prefunded (4% discount)

Fiscal Year Ended	Discount Rate	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2008	4%	$26,985,307	10.50%	$24,163,790
2009	4%	26,608,211	7.30%	48,819,922
2010	4%	30,699,706	14.40%	75,112,628
2011	4%	31,751,414	16.10%	101,760,042

A schedule of funded status as of the most recent actuarial valuation is as follows:

Actuarial valuation date	October 1, 2009
Actuarial value of plan assets (a)	$0
Actuarial accrued liability (AAL) (b)	$240,282,297
Unfunded/(Overfunded) actuarial accrued liability (UAAL or OAAL) (b-a)	$240,282,297
Funded Ratio (a/b)	0.0%
Annual Covered Payroll (c)	$104,983,019
UAAL or OAAL as % of covered payroll ((b-a)/c)	228.9%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

The actuarial cost method used for determining the benefit obligations is a Projected Unit Credit Cost Method. Under this method, the actuarial present value of projected benefits is the value of benefits expected to be paid for current actives and retirees and is calculated based on certain assumptions and census data. The Actuarial Accrued Liability (AAL) is the actuarial present value of benefits attributed to employee service rendered prior to the valuation date. The AAL equals the present value of benefits multiplied by a fraction equal to service to date over service at expected retirement. The Normal Cost is the actuarial present value of benefits attributed to one year of service. This equals the present value of benefits divided by service at expected retirement. Since retirees are not accruing any more service, their normal cost is zero. In determining the Annual Required Contribution, The Unfunded AAL is amortized as a level dollar over 30 years. The actuarial assumptions included a 4% per annum discount rate for valuing liabilities. Employees eligible for retiree medical benefits assumed to elect continued medical coverage in retirement for themselves and their spouses is 100% and 40% respectively. The valuation assumes a 4.9% to 8.5% healthcare cost trend increase beginning in fiscal year 2010 based on the premiums of the respective plan types, reduced by decrements to rates of 4.9% to 6.1% after 7 years.

COUNTY FINANCIAL INFORMATION

TABLE 13 – CHANGES IN NET ASSETS

	Fiscal Year Ended September 30,				
Revenues:	2011	2010	2009	2008	2007
Program Revenues:					
Charges for Services	$ 37,241,289	$ 35,156,664	$ 35,102,888	$ 33,424,910	$ 30,555,885
Operating Grants and Contributions	35,820,119	23,313,282	33,935,787	24,399,799	19,049,110
Capital Grants and Contributions	25,214,312	30,358,341	63,974,765	33,540,586	103,693,431 (1)
General Revenues:					
Property Taxes	196,820,339	198,888,176	191,467,403	171,832,680	151,404,502
Earnings on Investments	2,925,202	3,870,155	3,664,184	8,072,311	12,009,284
Other	6,065,510	4,237,069	3,901,588	2,170,172	1,693,188
Total Revenues	$ 304,086,771	$ 295,823,687	$ 332,046,615	$ 273,440,458	$ 318,405,400
Expenditures:					
General Administration	$ 47,101,717	$ 44,235,342	$ 40,876,045	$ 41,632,474	$ 12,414,272
Financial Administration	8,648,273	8,059,389	8,841,189	7,588,070	5,666,739
Administration of Justice	86,081,856	78,194,354	75,836,037	45,849,068	33,554,996
Construction & Maintenance	46,150,023	45,850,196	45,882,038	40,018,361	-
Road & Bridge	-	-	-	-	44,381,066
Health & Welfare	25,283,662	23,789,044	25,623,533	21,690,506	19,866,544
Cooperative Service	1,177,426	1,131,763	1,188,580	1,132,987	934,276
Public Safety	55,190,407	55,214,005	61,126,911	68,877,031	52,325,953
Parks & Recreation	2,915,986	2,576,095	1,879,525	2,114,983	1,822,404
Flood Control Projects	-	-	-	-	6,434,608
Libraries & Education	14,810,488	13,468,700	12,956,363	12,280,421	10,694,749
Capital Outlay, interim activity	-	-	-	-	-
Internal Service Fund, interim activity	-	-	-	-	-
Interest on Long-Term Debt	14,887,908	15,494,994	12,338,352	10,621,067	6,051,065
Total Expenditures	$ 302,247,746	$ 288,013,882	$ 286,548,573	$ 251,804,968	$ 194,146,672
Change in Net Assets	$ 1,839,025	$ 7,809,805	$ 45,498,042	$ 21,635,490	$ 124,258,728
Net Assets, Beginning	715,845,088 (2)	708,025,880 (2)	663,834,575 (2)	642,199,088	517,940,360 (2)
Ending Fund Balance	$ 717,684,113	$ 715,835,685	$ 709,332,617	$ 663,834,578	$ 642,199,088

Source: County's audited financial statements.
(1) Unaudited; represents Texas Department of Transportation projects with the County as a partner that have been completed.
(2) Restated.

TABLE 13A – GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Seven Months Ended April 30,		Fiscal Year Ended September 30,				
Revenues:	2012[1]	2011[1]	2011	2010	2009	2008	2007
Taxes	$ 149,846,355	$ 147,275,437	$ 150,611,129	$ 154,092,302	$ 150,881,918	$ 139,477,502	$ 122,607,412
Fees and Fines	11,039,714	10,640,187	26,538,216	24,501,004	22,691,631	20,061,234	18,593,505
Intergovernmental	7,664,859	13,015,906	23,894,468	18,114,404	24,989,268	14,556,972	6,519,034
Earnings on Investments	688,159	877,434	1,457,487	1,445,301	1,247,763	2,866,409	4,469,895
Miscellaneous	5,442,019	4,531,291	3,372,764	3,185,729	2,540,424	1,657,663	2,342,280
Total Revenues	$ 174,681,106	$ 176,340,255	$ 205,874,064	$ 201,338,740	$ 202,351,004	$ 178,619,780	$ 154,532,126
Expenditures:							
Current Operating:							
General Administration	22,250,311	22,195,276	41,623,232	39,663,645	36,997,902	35,207,103 [2]	26,030,749
Financial Administration	4,209,538	4,201,094	7,158,932	6,709,784	7,130,068	6,328,276	5,631,690
Administration of Justice	30,831,275	29,918,203	54,210,526	50,317,627	50,165,055	22,752,204	18,784,040
Road & Bridge	-	-	-	-	-	-	2,693,264
Construction and Maintenance	1,564,749	1,610,608	2,843,242	2,795,780	3,057,376	2,637,980	-
Health & Welfare	10,953,019	11,565,040	17,345,040	17,576,622	19,440,480	17,179,487	14,957,641
Cooperative Service	591,734	543,878	986,392	933,519	1,049,985	975,720	934,276
Public Safety	24,200,179	22,620,763	42,751,912	39,189,698	43,501,625	61,678,076 [2]	50,294,207
Parks & Recreation	1,013,115	1,314,773	2,263,590	2,231,528	1,815,986	1,739,346	1,822,404
Libraries & Education	7,454,340	7,091,212	12,113,853	11,297,919	11,274,245	10,342,295	10,605,484
Capital Outlay	9,349,383	10,637,349	20,194,149	18,443,425	22,149,422	8,590,318	15,321,628
Total Expenditures	$ 112,417,643	$ 111,698,196	$ 201,490,868	$ 189,159,547	$ 196,582,144	$ 167,430,805	$ 147,075,383
Revenues Over (Under) Expenditures	$ 62,263,463	$ 64,642,059	$ 4,383,196	$ 12,179,193	$ 5,768,860	$ 11,188,975	$ 7,456,743
Transfer In (Out)	(8,286,693)	(3,627,727)	(3,704,588)	(3,362,527)	(9,950,498)	(8,145,190)	(8,594,882)
Beginning Fund Balance, January 1	44,058,981	43,380,373	43,380,373	34,563,707	38,745,345 [3]	35,701,557	36,839,696
Ending Fund Balance	$ 98,035,751	$ 104,394,705	$ 44,058,981	$ 43,380,373	$ 34,563,707	$ 38,745,342	$ 35,701,557

Source: The County.
(1) Unaudited.
(2) Construction in Progress expenditures were previously categorized as Capital Outlay. These expenditures are now categorized based on the governmental function it benefits.
(3) Restated.

FINANCIAL POLICIES

Basis of Accounting . . . The accounting policies of the County conform to generally accepted accounting principles for governmental entities as promulgated by the Government Accounting Standards Board. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the combined balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the combined balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The accounts of the Governmental Fund Types (the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds) and Agency Funds are maintained, and the financial statements have been prepared, on the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when they become susceptible to accrual (i.e., both measurable and available). Available means collectible within the current year or soon enough thereafter to be used to pay liabilities of the current year. Substantially all revenues, except property taxes, are considered to be susceptible to accrual. Property taxes, which are levied in the last quarter of the year and collected before year-end, are considered deferred revenues because such revenues are not legally available to pay liabilities in the current year. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on the general long-term debt are recognized as expenditures when due.

General Fund Balance . . . The General Fund is used to account for all revenues and expenditures not accounted for in other funds, relating to general operations.

Debt Service Fund Balance . . . Used to account for payment of principal and interest on general long-term debt.

Budgetary Procedures . . . The County Budget Officer prepares the proposed budget using revenue estimates furnished by the County Auditor. A public hearing is held on the budget before finalizing it. The Commissioners Court may increase or decrease the amounts requested by the departments. In the final budget, which is usually adopted in the last quarter of the fiscal year, appropriations of the budgeted funds cannot exceed the available fund balances in such funds on January 1, plus the estimated revenues for the ensuing year. During the year, the Commissioners Court may increase budgeted revenues and expenditures for unexpected revenues or beginning fund balances in excess of budget estimates, provided it rules that a state of emergency exists. The level of budgetary control is at the major operating group level. There are four major operating groups:

Salary and Personnel Costs	Information Technology Costs
Operating and Training Costs	Capital Acquisition Costs.

The underlying budget is maintained at the line item level, but departments are able to transfer amounts within each major group without court approval. Transfers between major groups require court approval. Transfers among individual expenditure line items within major categories may be made during the year, but no such transfer may increase the overall total of the budget without the declaration of an emergency. It is the amended budget that is presented in the financial statements on the budgetary basis. Except for transfers among budgeted line items and the amendment to the indigent health care budget, there were no other significant increases in the adopted budget.

INVESTMENTS

The County invests the Authority's investable funds in investments authorized by Texas law in accordance with investment policies approved by the Commissioners Court of the County. Both state law and the County's investment policies are subject to change.

LEGAL INVESTMENTS

Under Texas law, the County is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent, (6) certificates of deposit that are guaranteed or insured by the Federal Deposit Insurance Corporation or are secured as to principal by obligations described in the preceding clauses or in any other manner and amount provided by law for County deposits, (7) certificates of deposit and share certificates issued by a state or federal credit union domiciled in the State of Texas that are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in the clauses (1) through (5) or in any other manner and amount provided by law for County deposits, (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas, (9) bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (10) commercial paper that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (11) no-load money market mutual funds regulated by the Securities and Exchange Commission that have a dollar weighted average portfolio maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of $1 for each share, (12) no-load mutual funds registered with the Securities and Exchange Commission that: have an average weighted maturity of less than two years; invests exclusively in obligations described in the preceding clauses; and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent, (13) bonds issued, assumed, or guaranteed by the State of Israel, and (14) guaranteed investment contracts secured by obligations of the United States of America or its agencies and instrumentalities, other than the prohibited obligations described in the next succeeding paragraph.

The County may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAm or an equivalent by at least one nationally recognized rating service. The County is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Effective September 1, 2003, governmental bodies in the State are authorized to implement securities lending programs if (i) the securities loaned under the program are collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) of the first paragraph under this subcaption, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm not less than "A" or its equivalent, or (c) cash invested in obligations that are described in clauses (1) through (6) and (10) through (12) of the first paragraph under this subcaption, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the governmental body, held in the name of the governmental body and deposited at the time the investment is made with the Agency or a third party designated by the Agency; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

INVESTMENT POLICIES

Under Texas law, the County is required to invest its funds, including the Authority's funds, under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for County funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups. All County funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, County investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the County shall submit an investment report detailing: (1) the investment position of the County, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest County funds without express written authority from the Commissioners Court.

ADDITIONAL PROVISIONS

Under Texas law the County is additionally required to: (1) annually review its adopted policies and strategies; (2) require any investment officers' with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the Commissioners Court; (3) require the registered principal of firms seeking to sell securities to the County to: (a) receive and review the County's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) perform an annual audit of the management controls on investments and adherence to the County's investment policy; (5) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (6) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (7) restrict its investment in mutual funds in the aggregate to no more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, and to invest no portion of bond proceeds, reserves and funds held for debt service, in mutual funds; and (8) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements.

TABLE 14 – CURRENT INVESTMENTS

As of May 31, 2012, the County's investable funds were invested in the following categories:

Description	Book Value	Market Value
Texas Term Investment Pool	$ 1,985,093	$ 1,985,093
Texas Class Investment Pool	4,354	4,354
LOGIC State Pool	7,065	7,065
	$ 1,996,512	$ 1,996,512

INVESTMENT CONSIDERATIONS

The following is a discussion of certain matters that should be considered in evaluating an investment in the Bonds. This discussion does not purport to be either comprehensive or definitive. The order in which the investment considerations are presented is not intended to reflect either the likelihood that a particular event will occur or the relative significance of such an event. Moreover, there are other considerations associated with an investment in the Bonds in addition to those set forth herein. Prospective investors should read the entire Official Statement, including the appendices.

GENERAL

The information set forth in this Official Statement has been obtained from records, financial reports and other sources of the Authority and County that are considered to be reliable. All of the summaries of the statutes, documents and the orders contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and orders. These summaries do not purport to be complete statement of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

No opinion or representation is rendered as to whether any forecast will approximate actual results, and all opinions, estimates, and assumptions, whether or not expressly identified as such, should not be considered statements of fact. Inevitably, some underlying assumptions and estimates will not be realized, and unanticipated events and circumstances may occur. Therefore, actual results will vary, and such differences may be material.

Unless expressly stated to the contrary, information on internet websites referenced in this Official Statement is not incorporated into this Official Statement, and such information is dated as indicated therein. The Authority, the County, the Financial Advisor and the Underwriters make no assurances that any such information will be updated in the future. The Authority, the County, the Financial Advisor and the Underwriters disclaim any responsibility regarding other internet sites that may be accessed through any website referenced in this Official Statement.

TRAFFIC AND REVENUE REPORT

Based upon the Traffic and Revenue Study prepared by Wilbur Smith Associates (now CDM Smith Inc.), the Authority reasonably anticipates that the Project will generate Net Revenues in an amount sufficient to pay the debt service on the Bonds.

The Traffic and Revenue Study includes (i) a "base case" forecast, which assumes a full build-out of the entire Grand Parkway System and (ii) an alternative "Segment D Only" forecast. The alternative scenario assumes Segment D will be constructed alone without the impact of the other adjacent segments of the Grand Parkway System. Although considered unlikely, the alternative scenario helps to illustrate the toll feasibility of Segment D as a standalone project. There are no guarantees that additional segments of the Grand Parkway System will be completed or if completed , when. The study also includes assumptions relating to the expansion of the Project with additional lanes, when traffic congestion is at Level of Service (LOS) C as contemplated by the Terms and Conditions.

The revenue forecasts in the Traffic and Revenue Study are based upon certain assumptions set forth or incorporated therein. See "THE TRAFFIC AND REVENUE STUDY" in APPENDIX A. The Traffic and Revenue Study is not a guarantee of any future events or trends, and the forecasts therein are subject to future economic and social conditions and demographic developments that cannot be predicted with certainty. Further, any of the estimates and assumptions in the Traffic and Revenue Study are inherently subject to significant economic and competitive uncertainties and contingencies, many of which are beyond the control of the Authority. Failure to achieve or realize any of the assumptions listed in the Traffic and Revenue Study may have a materially adverse effect upon the toll revenues actually realized.

THE GRAND PARKWAY SYSTEM

The entire Grand Parkway System is an approximately 180 mile project that consists of 11 segments that traverse through seven counties, including Segment C in Fort Bend and Brazoria Counties and Segment D in Fort Bend County. Segments E, F-1, F-2 and G, in Harris and Montgomery Counties, are being financed and developed by TxDOT. In addition, TxDOT is responsible for constructing the interchanges at Segments D and E of the Grand Parkway System and I-10. There are no guarantees that the additional segments and interchanges will be completed or, if completed, when. With respect to the construction of the additional segments and interchanges, there is a possibility of time delays and cost increases resulting from (i) design and construction problems and resulting change orders, (ii) environmental litigation or environmental administrative matters, (iii) the unavailability or cost of acquiring right-of-way or other realty interests, (iv) archaeological, historic and unidentified subsurface conditions, (v) utility relocation problems, (vi) hazardous materials, (vii) force majeure events, (viii) litigation, or (ix) inflation. See the "base case" and "Segment D Only" forecasts and related discussion in the "THE TRAFFIC AND REVENUE STUDY" in APPENDIX A.

Furthermore, the Traffic and Revenue Study makes certain assumptions regarding the timing of completion of other segments of the Grand Parkway System. Delays in those projects would affect revenues on Segment D.

OPERATING RISKS

The collection of toll revenues will be subject to the risks inherent in the establishment and operation of any toll facility, including, among other things, the volume of traffic that utilizes the Project, the ability of the Authority to accurately process data and the ability of the Authority to manage toll evasion and implement effective toll collection and enforcement practices.

Other operating risks that could impact revenues include (i) the ability of the Authority to control expenses, (ii) the availability of adequately-trained personnel, (iii) population, employment and income trends within the region, (iv) congestion on alternative freeways, highways, and streets, (v) time savings experienced by motorists utilizing the toll facilities, (vi) the level and escalation of toll rates, (vii) the availability and price of fuel; and (viii) the construction of new or improved competitive roadways or transit facilities or alternative modes of transportation.

The continued successful operation of the Project will require timely and adequate maintenance and replacement of components of the Project. Any significant deterioration in the Project may result in increased Project Expenses and in reduced usage, including temporary lane closures.

PAYMENT OF DEBT SERVICE AND PROJECT EXPENSES

Under the Joint Project Agreement, the County has agreed to make contractual payments to the Authority sufficient to provide for the payment of (i) debt service on the Bonds and (ii) operating and maintenance costs of the Project. See "THE GRAND PARKWAY SYSTEM—CONTRACT WITH THE COUNTY."

The Bonds are secured, pursuant to the Indenture, by a pledge of and lien on all of the Authority's right, title and interest in and to the County's unconditional contractual obligation to pay the Authority from annual ad valorem taxes levied by the County, within the limits prescribed by law, the principal of and interest on the Bonds to the extent toll revenues and other available funds are insufficient to meet the debt service on the Bonds. See "SECURITY AND SOURCE OF PAYMENT—GENERAL."

In addition, so long as any Bonds or additional bonds are outstanding, the County has agreed in each year to levy, assess, and collect an annual tax on all taxable property within the County fully sufficient in each year (taking into account delinquencies and costs of collection) to produce revenues which shall be sufficient to (i) pay as they become due all Project Expenses for which there are insufficient available Revenues or (ii) produce revenues for the Project equal to the amounts budgeted for such purpose in such year by the County, whichever is greater. **Any such revenues are not part of the Trust Estate and may not be applied to the payment of Debt Service on the Bonds or any Additional Bonds.** See "SECURITY AND SOURCE OF PAYMENT—MAINTENANCE TAX COVENANT."

Notwithstanding the Joint Project Agreement, the limited tax pledge and the maintenance tax pledge, the long-term expectation of the Authority and the County is that the Project will generate sufficient revenues to be self-supporting. No assurance can be made that sufficient toll revenues will be available in the future to provide for payment of Debt Service on the Bonds or to maintain the Project adequately over the long term or that the County will not have to make payments under the Joint Project Agreement.

COSTS OF CONSTRUCTION OF TOLL FACILITIES

In projects of the magnitude of the Project being developed and operated by the Authority, there is a possibility of time delays and cost increases resulting from (i) design and construction problems and resulting change orders, (ii) environmental litigation or environmental administrative matters, (iii) the unavailability or cost of acquiring right-of-way or other realty interests, (iv) archeological, historic and unidentified subsurface conditions, (v) utility relocation problems, (vi) hazardous materials, (vii) force majeure events, (viii) litigation, or (ix) inflation. As a result, there can be no assurance that the costs of completion for the Project and improvements and extensions to the Project will not exceed current estimates, or that the completion of such projects will not be delayed beyond estimated and scheduled completion dates. Variations in cost estimates and delays in construction could be material.

There is also a possibility of insolvency or bankruptcy of the contractors during construction. While contractors generally are required to provide performance bonds and payment bonds, there can be no assurance that such bonds will be sufficient to assure timely completion of the Project and improvements and extensions to the Project. Moreover, if a default occurs under a construction contract by the contractor, there is a possibility of litigation between the Authority and the providers of the performance bonds and payment bonds and/or the contractor, which could further delay construction and the opening of the Project. Any such delays and/or cost overruns could result in the delay or reduction in the collection of revenues and an increase in costs.

TOLL RATES

In the Indenture, the Authority has covenanted to charge and impose tolls and keep in effect a plan for toll collecting facilities and a schedule of rates of tolls that will generate during each fiscal year an amount of Net Revenues which, together with all amounts in the Subordinate Lien Debt Service Fund as of the last day of the preceding fiscal year, will at least equal 100% of the amounts required to pay the principal of and interest on the Subordinate Lien Bonds (including the Bonds) in such fiscal year, subject to the toll rate escalation requirements established by the Term and Conditions. See "SECURITY AND SOURCE OF PAYMENT—TOLL COVENANT" and "THE GRAND PARKWAY SYSTEM—GENERAL."

On August 23, 2011, the Commissioners Court of the County established a toll rate setting policy (the "Toll Policy") for future toll rate adjustments on the Authority's toll facilities. The Toll Policy establishes a process for an annual adjustment of toll rates, with provisions for rounding tolls to appropriate levels. The Toll Policy provides guidelines for the systematic implementation of future rate increases. The Commissioners Court of the County can repeal or amend the Toll Policy at any time. See "THE GRAND PARKWAY SYSTEM—INITIAL AND FUTURE TOLL RATE ESCALATION METHODOLOGY." The County's willingness and ability to raise toll rates or to implement alternative toll pricing strategies in the future may be influenced by a variety of factors, including the Terms and Conditions, toll rates charged by the owners or operators of other toll facilities in the region, local and regional economic conditions and political sensitivities.

In addition, when a toll rate increase is implemented, a portion of travelers may discontinue use of a toll facility in favor of alternative routes. Accordingly, future increases in toll rates could result in reduced usage of the Project which could result in decreased toll revenues.

ALTERNATIVE ROUTES

There are a number of non-tolled roadways in the County that can serve as alternative routes for prospective users of the Project. In particular, drivers will have free access to the main lanes of Segment D of the Project by entering after an overpass and exiting before the next overpass. See "TRAFFIC AND REVENUE STUDY" in APPENDIX A. Factors that could affect use of the Project include cost, time of day, day of the week, speed and delay.

MOTOR FUEL PRICES AND TAXES

There is no assurance that motor fuel will remain in adequate supply or that motor fuel prices and federal and State motor fuel taxes will not increase. Increases in motor fuel pump prices could negatively impact the toll revenues on the Project. Additionally, if motor fuel prices increase, it could have an adverse effect on the economy of the region which could negatively impact toll revenues on the Project.

MARKET DISRUPTIONS, RELIANCE ON CAPITAL MARKETS AND MARKET TURMOIL

The credit markets experience substantial disruption from time to time. There can be no assurance as to the timing of any disruption or the extent of any recovery that may be made by the credit markets. The Authority's capital plans include raising additional funds through bond financings for extensions and improvements to the Project. If the Authority is unable to access the credit markets as a result of any such disruption, it is likely to have to delay the completion of certain projects until such time as the capital markets rebound. The effect of such delays could result in increased costs for such projects and a delay in the receipt of revenues from such projects.

The recent domestic financial crisis has had, and may continue to have, negative repercussions upon the national economy, including a scarcity of credit, lack of confidence in the financial sector, extreme volatility in the financial markets, fluctuations in interest rates, reduced business activity, increased unemployment, increased consumer bankruptcies and increased business failures and bankruptcies. Congress, the Federal Reserve Board and other agencies of the federal government have taken various actions that are designed to enhance liquidity, improve the performance and efficiency of the credit markets and generally stabilize the securities markets and stimulate the economy. There can be no assurance that these actions will be effective. If the economic environment remains weak or worsens further, it could negatively impact the financial condition of the Authority and the County.

LIMITATION AND ENFORCEABILITY OF REMEDIES

The remedies available to owners of any Bonds upon an event of default under the transaction documents, including the Indenture, are limited to the seeking of specific performance in a writ of mandamus or other suit, action or proceeding compelling and requiring the Authority and its officials of the Authority and County to observe and perform any covenant, condition or obligation prescribed in the transaction documents, including the Indenture. Bondholders do not have the right to have the maturity of the Bonds accelerated as a remedy in the event of a default by Authority or the County under the transaction documents. The enforcement of the remedy of mandamus may be difficult and time consuming. No assurance can be given that a mandamus or other legal action to enforce a default under the transaction documents would be successful.

The remedies under the transaction documents, including the Indenture, may be dependent upon judicial or other actions that are subject to discretion and delay and may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

FUTURE AND PROPOSED TAX LEGISLATION

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

FORWARD-LOOKING STATEMENTS

The statements contained in this Official Statement, and in other information provided by the Authority or the County, that are not purely historical, are forward-looking statements, including statements regarding the Authority's or the County's expectations, hopes, intentions or strategies regarding the future and the projections in the traffic and revenue study. All forward-looking statements included in this Official Statement are based on information available to the Authority and the County on the date hereof, and the Authority and the County assume no obligation to update any such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates that are inherently subject to numerous risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

TAX MATTERS

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, (i) interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, and (ii) the Bonds are not subject to the alternative minimum tax on individuals and corporations, except for certain alternative minimum tax consequences for corporations.

The Internal Revenue Code of 1986, as amended (the "Code") imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of proceeds and the source of repayment, limitations on the investment of proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The Authority has covenanted in the Resolution that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Resolution pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and, in addition, will rely on representations by the Authority, the Authority's Financial Advisor and the Underwriter with respect to matters solely within the knowledge of the Authority, the Authority's Financial Advisor and the Underwriter, respectively, which Bond Counsel has not independently verified. If the Authority should fail to comply with the covenants in the Resolution or if the foregoing representations should be determined to be inaccurate or incomplete, interest on the Bonds could become taxable from the date of delivery of the Bonds, regardless of the date on which the event causing such taxability occurs.

The Code also imposes a 20% alternative minimum tax on the "alternative minimum taxable income" of a corporation if the amount of such alternative minimum tax is greater than the amount of the corporation's regular income tax. Generally, the alternative minimum taxable income of a corporation (other than any S corporation, regulated investment company, REIT, REMIC or FASIT) includes 75% of the amount by which its "adjusted current earnings" exceeds its other "alternative minimum taxable income." Because interest on tax exempt obligations, such as the Bonds, is included in a corporation's "adjusted current earnings," ownership of the Bonds could subject a corporation to alternative minimum tax consequences.

Under the Code, taxpayers are required to report on their returns the amount of tax exempt interest, such as interest on the Bonds, received or accrued during the year. Payments of interest on tax-exempt obligations such as the Bonds are in many cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

Prospective purchasers of the Bonds should be aware that the ownership of tax exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign

corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits, including tax exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date hereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Authority as the taxpayer and the owners of the Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT BONDS

The issue price of certain of the Bonds (the "Original Issue Discount Bonds") is less than the stated redemption price at maturity. In such case, under existing law, and based upon the assumptions hereinafter stated (a) the difference between (i) the stated amount payable at the maturity of each Original Issue Discount Bond and (ii) the issue price of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond at the initial public offering price in the initial public offering of the Bonds; and (b) such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Bond was held by such initial owner) is includable in gross income. (Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under the caption "TAX MATTERS" generally applies, except as otherwise provided below, to original issue discount on a Original Issue Discount Bond held by an owner who purchased such Bond at the initial offering price in the initial public offering of the Bonds, and should be considered in connection with the discussion in this portion of the Official Statement.)

The foregoing is based on the assumptions that (a) the Underwriter has purchased the Bonds for contemporaneous sale to the general public and not for investment purposes, and (b) all of the Original Issue Discount Bonds have been offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a cash price (and with no other consideration being included) equal to the initial offering prices thereof stated on the cover page of this Official Statement, and (c) the respective initial offering prices of the Original Issue Discount Bonds to the general public are equal to the fair market value thereof. Neither the Authority nor Bond Counsel warrants that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Bond for purposes of determining the amount of gain or loss recognized by such owner upon redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price plus the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership and redemption, sale or other disposition of such Bonds.

CONTINUING DISCLOSURE INFORMATION

THE AUTHORITY

In the First Supplemental Indenture, the Authority has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The Authority is required to observe the agreement for so long as it remains an "obligated person" with respect to the Bonds, within the meaning of the Securities and Exchange Commission's Rule 15c2-12 (the "Rule"). Under the agreement, the Authority will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB").

ANNUAL REPORTS

The Authority will provide certain updated financial information and operating data to the MSRB. The information to be updated includes the following quantitative financial information and operating data with respect to the Authority: (1) historical traffic count table for the Project (starting in the first full year after completion of the Project), (2) toll rate schedule for the Project, (3) selected financial information of the Authority showing revenues and expenses (starting in the first full year after completion of the Project), (4) historical toll road operating results showing revenues and expenses and coverages (starting in the first full year after completion of the Project), (5) debt service requirements, and (6) information and operating data of the general type included in the annual financial statements attached as APPENDIX D. The Authority will update and provide this information within six months after the end of each fiscal year ending in and after 2012 (except as otherwise noted for information subject to completion of the Project).

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the Authority commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Authority will provide unaudited financial statements by the required time and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX D or such other accounting principles as the Authority may be required to employ from time to time pursuant to State law or regulation.

The Authority's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the Authority changes its fiscal year. If the Authority changes its fiscal year, it will notify the MSRB of the change.

NOTICE OF CERTAIN EVENTS

The Authority will also provide timely notices of certain events to the MSRB. The Authority will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the Authority, which

shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material. In addition, the Authority will provide timely notice of any failure by the Authority to provide annual financial information in accordance with their agreement described above under "ANNUAL REPORTS."

For these purposes, any event described in (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

AVAILABILITY OF INFORMATION

The Authority has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS

The Authority has agreed to update information and to provide notices of certain specified events only as described above. The Authority has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The Authority makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The Authority disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the Authority to comply with its agreement.

The Authority may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Authority, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the Authority (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The Authority may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the SEC Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of the SEC Rule 15c2-12 are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the Authority so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS

This is the Authority's first bond issue, therefore the Authority has not previously made a continuing disclosure agreement in accordance with the Rule.

THE COUNTY

In the Joint Project Agreement, the County has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The County is required to observe the agreement for so long as it remains an "obligated person" with respect to the Bonds, within the meaning of the Rule. Under the agreement, the County will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the MSRB.

ANNUAL REPORTS

The County will provide certain updated financial information and operating data to the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the County of the general type included in this Official Statement under Tables numbered 1 through 7 and 9 through 14 and in APPENDIX C. The County will update and provide this information within six months after the end of each fiscal year ending in and after 2012.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the SEC as permitted by Rule. The updated information will include audited financial statements, if the County commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the County will provide unaudited financial statements by the required time and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX C or such other accounting principles as the County may be required to employ from time to time pursuant to State law or regulation. The County's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the County changes its fiscal year. If the County changes its fiscal year, it will notify the MSRB of the change.

NOTICE OF CERTAIN EVENTS

The County will also provide timely notices of certain events to the MSRB. The County will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the County, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material. In addition, the County will provide timely notice of any failure by the County to provide annual financial information in accordance with their agreement described above under "ANNUAL REPORTS." For these purposes, any event described in (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the County in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

AVAILABILITY OF INFORMATION

The County has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS

The County has agreed to update information and to provide notices of certain specified events only as described above. The County has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The County makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The County disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the County to comply with its agreement.

The County may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the County, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the County (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The County may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the County so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "—Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS

The County has complied, in all material respects, with all continuing disclosure undertakings made by it in accordance with the Rule.

OTHER INFORMATION

RATINGS

The Bonds have been assigned ratings of "Aa1" by Moody's Investors Service Inc. ("Moody's") and "AA+" by Fitch Ratings ("Fitch"). An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the Authority makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies , if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Bonds.

LITIGATION

It is the opinion of the Authority that there is no pending litigation against the Authority that would have a material adverse financial impact upon the Authority or its operations.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The Authority assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION – RATINGS" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the Authority has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL MATTERS

The Authority will furnish a complete transcript of proceedings had incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Bonds and to the effect that the Bonds are valid and legally binding obligations of the Authority, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law and the Bonds are not subject to the alternative minimum tax on individuals and corporations, except for certain alternative minimum tax consequences for corporations as described under "TAX MATTERS." The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds, or which would affect the provision made for their payment or security, or in any manner questioning the validity of said Bonds will also be furnished. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Official Statement to verify that such description conforms to the provisions of the Bond Order. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from Authority records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

FINANCIAL ADVISOR

First Southwest Company is employed as Financial Advisor to the Authority 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. First Southwest Company, in its capacity as Financial Advisor, 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.

The Financial Advisor to the Authority has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Authority and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

UNDERWRITING

The Underwriters have agreed, subject to certain conditions precedent, to purchase the Bonds from the Authority at a price of $172,916,719.55 (representing the principal amount of the Bonds, plus a premium of $18,745,356.05, less an underwriters' discount of $913,636.50). The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriters.

Citigroup Inc., parent company of Citigroup Global Markets Inc., an underwriter of the Bonds, has entered into a retail brokerage joint venture with Morgan Stanley. As part of the joint venture, Citigroup Global Markets Inc. will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Citigroup Global Markets Inc. will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

Loop Capital Markets LLC, has entered into a distribution agreement with UBS Financial Services Inc. for the retail distribution of certain municipal securities offerings at the original issue prices. Pursuant to such agreement, Loop Capital Markets will share a portion of its underwriting compensation with respect to the Bonds with UBS Financial Services Inc.

On April 2, 2012, Raymond James Financial, Inc. ("RJF"), the parent company of Raymond James & Associates, Inc. ("Raymond James"), acquired all of the stock of Morgan Keegan & Company, Inc. ("Morgan Keegan") from Regions Financial Corporation. Morgan Keegan and Raymond James are each registered broker-dealers. Both Morgan Keegan and Raymond James are wholly owned subsidiaries of RJF and, as such, are affiliated broker-dealer companies under the common control of RJF, utilizing the trade name "Raymond James | Morgan Keegan" that appears on the cover of this Preliminary Official Statement. It is anticipated that the businesses of Raymond James and Morgan Keegan will be combined.

Morgan Keegan has entered into a distribution arrangement with Raymond James for the distribution of the Bonds at the original issue prices. Such arrangement generally provides that Morgan Keegan will share a portion of its underwriting compensation or selling concession with Raymond James.

FORWARD-LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided by the Authority, that are not purely historical, are forward-looking statements, including statements regarding the Authority's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Authority on the date hereof, and the Authority assumes no obligation to update any such forward-looking statements. The Authority's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Authority. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

MISCELLANEOUS

The financial data and other information contained herein have been obtained from the Authority's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

The order authorizing the issuance of the Bonds will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Bonds by the Underwriters.

CERTIFICATION OF THE OFFICIAL STATEMENT

At the time of payment for and delivery of the Bonds, the Authority will furnish a certificate, executed by proper officers, acting in their official capacity, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the Authority contained in its Official Statement, and any addenda, supplement or amendment thereto, on the date of such Official Statement, on the date of sale of said Bonds, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the Authority and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the Authority, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the Authority believes to be reliable and the Authority has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the Authority since the date of the last audited financial statements of the Authority.

/s/ Jim Condrey
Chairman, Board of Directors
Fort Bend Grand Parkway Toll Road Authority

ATTEST:

/s/ Charles Rencher
Secretary, Board of Directors
Fort Bend Grand Parkway Toll Road Authority

APPENDIX A

TRAFFIC AND REVENUE STUDY

CDM Smith

900 Chapel Street, Suite 1400
New Haven, Connecticut 06510
tel: 203 865-2191
fax: 203 624-0484

June 25, 2012

Fort Bend Grand Parkway Toll Road Authority
Sugarland, TX 77479

Subject: **FBGPTRA - SH 99 Grand Parkway Segment D**
Traffic and Revenue Bring Down Letter 2012

Gentlemen:

This bring down letter is provided in connection with the issuance of Toll Road Revenue Bonds, Series 2012 by the Fort Bend Grand Parkway Toll Road Authority (FBGPTRA) used in the financing of Grand Parkway Segment D (Segment D) in Fort Bend County, Texas. CDM Smith[1] is pleased to submit this update and review of the continuing validity of the Comprehensive Traffic and Revenue (T&R) Study dated June 2011. Full background information regarding the project configuration, tolling concepts and assumptions were provided in the original comprehensive report which remain broadly unchanged unless stated in the letter below.

Several important topics are addressed in this letter, including an update regarding observed traffic in the corridor, a review of the continued validity of the regional socio-economic forecasts, and a reasonableness check of the base case revenue growth forecast by analogy with actual historical revenues of a parallel established toll facility in the western Houston region.

Also considered are additional sensitivity tests for variables that could impact future T&R on Segment D. These tests are provided as a result of new information arising from studies of other Segments of the Grand Parkway and of the Fort Bend Westpark Tollway Extension that have been conducted since the original 2011 Fort Bend Segment D T&R study.

Observed Traffic Update

An important consideration in any update of a traffic study is the trend in baseline traffic. Although a short time has elapsed since the 2011 T&R Study it is important to verify that traffic in the corridor has not shown signs of a slowdown.

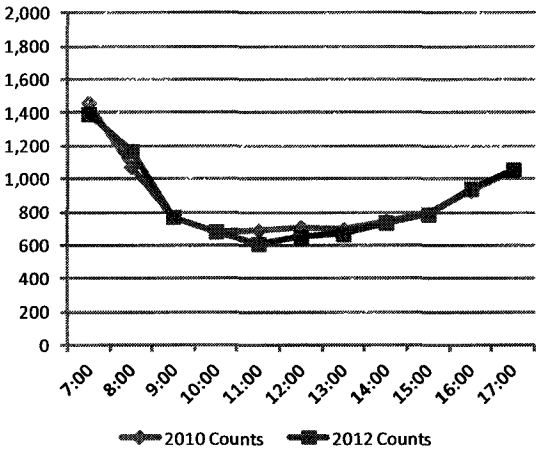
CDM Smith made widespread inquiries regarding the existence of fresh traffic data in the existing Segment D corridor and has been able to collect details of traffic counts performed around the Mason Road interchange. This permits a comparison with the 2010 counts conducted at two locations to the North and to the South of Mason Road. Table 1 and Table 2 summarize our analysis of these two locations.

[1] CDM Smith is the combined organization of the former CDM, Inc. and Wilbur Smith Associates, Inc. All prior work referenced was performed by Wilbur Smith Associates prior to the merger.

Table 1 - Comparison of Traffic, 2010 versus 2012
b/w Mason Rd and Bellfort/Morton St

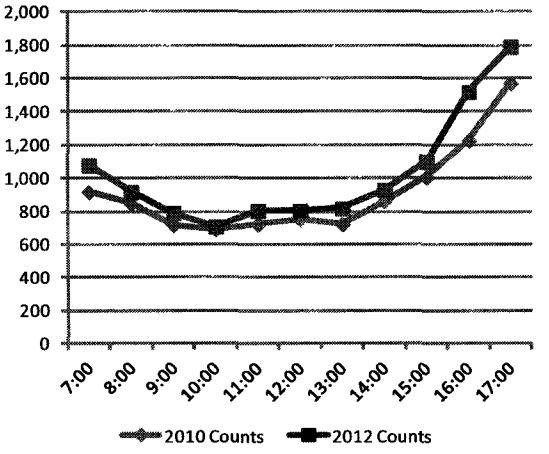
Southbound/Eastbound

Hour	2010 Counts	2012 Counts	
6:00	1,074	698	*30 min count
7:00	1,461	1,392	
8:00	1,074	1,170	
9:00	771	772	
10:00	685	683	
11:00	691	611	
12:00	711	650	
13:00	698	667	
14:00	746	737	
15:00	792	789	
16:00	930	943	
17:00	1,051	1,058	
18:00	951	460	*30-min count
Total (7am-6pm)	**9,607**	**9,472**	
Diff.		-135	
% Diff.		-1.4%	



Northbound/Westbound

Hour	2010 Counts	2012 Counts	
6:00	684	506	*30-min count
7:00	917	1,079	
8:00	846	917	
9:00	717	790	
10:00	689	708	
11:00	722	804	
12:00	751	804	
13:00	722	819	
14:00	862	928	
15:00	1,008	1,098	
16:00	1,227	1,519	
17:00	1,570	1,789	
18:00	1,218	777	*30-min count
Total (7am-6pm)	**10,028**	**11,255**	
Diff.		1,227	
% Diff.		12.2%	



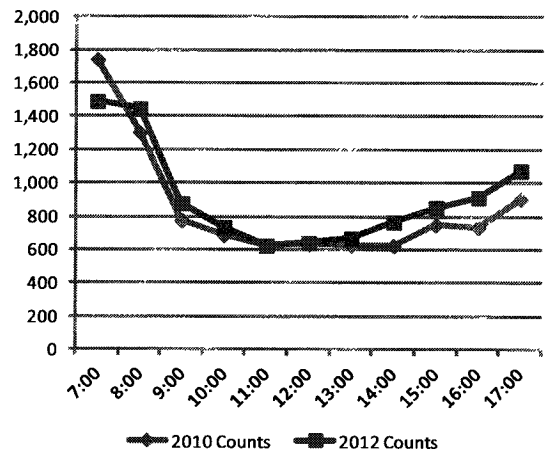
Source: CDM Smith T&R Study September 2010. TEDSI Infrastructure Group Mason Road Signal Study April 2012.

#

Table 2 - Comparison of Traffic, 2010 versus 2012
b/w Mason Rd and Harlem Rd

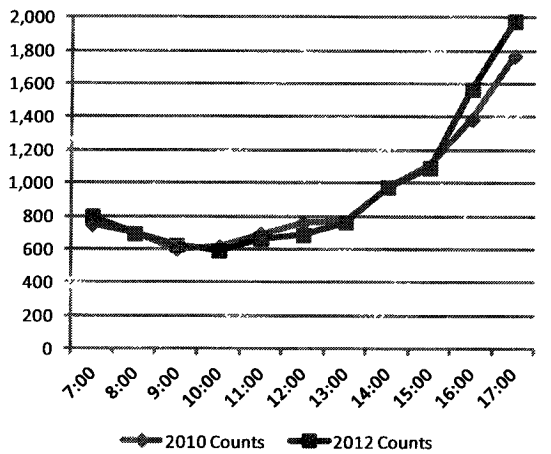
Southbound/Eastbound

Hour	2010 Counts	2012 Counts	
6:00	1,561	716	*30-min count
7:00	1,741	1,489	
8:00	1,302	1,445	
9:00	776	877	
10:00	687	736	
11:00	624	625	
12:00	635	641	
13:00	624	669	
14:00	625	766	
15:00	751	853	
16:00	736	912	
17:00	906	1,074	
18:00	867	460	*30-min count
Total (7am-6pm)	**9,404**	**10,087**	
Diff.		683	
% Diff.		7.3%	



Northbound/Westbound

Hour	2010 Counts	2012 Counts	
6:00	472	319	*30-min count
7:00	748	799	
8:00	694	695	
9:00	603	627	
10:00	616	592	
11:00	694	665	
12:00	761	687	
13:00	767	765	
14:00	971	976	
15:00	1,105	1,093	
16:00	1,386	1,567	
17:00	1,769	1,980	
18:00	1,284	814	*30-min count
Total (7am-6pm)	**10,112**	**10,446**	
Diff.		334	
% Diff.		3.3%	



Source: CDM Smith T&R Study September 2010. TEDSI Infrastructure Group Mason Road Signal Study April 2012.

#

It should be noted that the count locations were not perfectly consistent in particular in the case where traffic is lower in the 2012 count due to the existence of a local road perpendicular to one of the off-ramps. We can conclude however that traffic levels on the existing road remain at or above prior measurements.

Validity of the Socio-Economic Forecasts

In conjunction with the original T&R Study, an independent economist, CDS Market Research (CDS), was commissioned to review the socio-economic potential of the region including a detailed small area analysis of the Grand Parkway corridor for near term Segments. Since June 2011, CDS has refined their forecast to include calibration to 2010 Census data and small area refinements vision for the FBCTRA Westpark Extension T&R Study.

For the present update two tasks were undertaken to review the validity of the socio-economic forecasts underlying the 2011 T&R estimates:

- First, CDS was requested to perform a review of their original independent forecast in light of any updated information. A letter from CDS outlining their review and confirmation of their forecasts is included at Attachment A to this letter. In summary, CDS has noted an improvement in the local economy with some minor changes to some specific development patterns, both upside and downside. CDS concluded their original forecast remains reasonable.

- Second, CDM Smith obtained and reviewed current forecasts from a leading independent economic forecaster, Moody's economy.com (Moody's), for comparison with their forecasts available at the time of the 2011 T&R study.

The remainder of this section summarizes the current outlook for the key forecasting variables as estimated by Moody's and compares that outlook with that published at the time of the 2011 T&R Study.

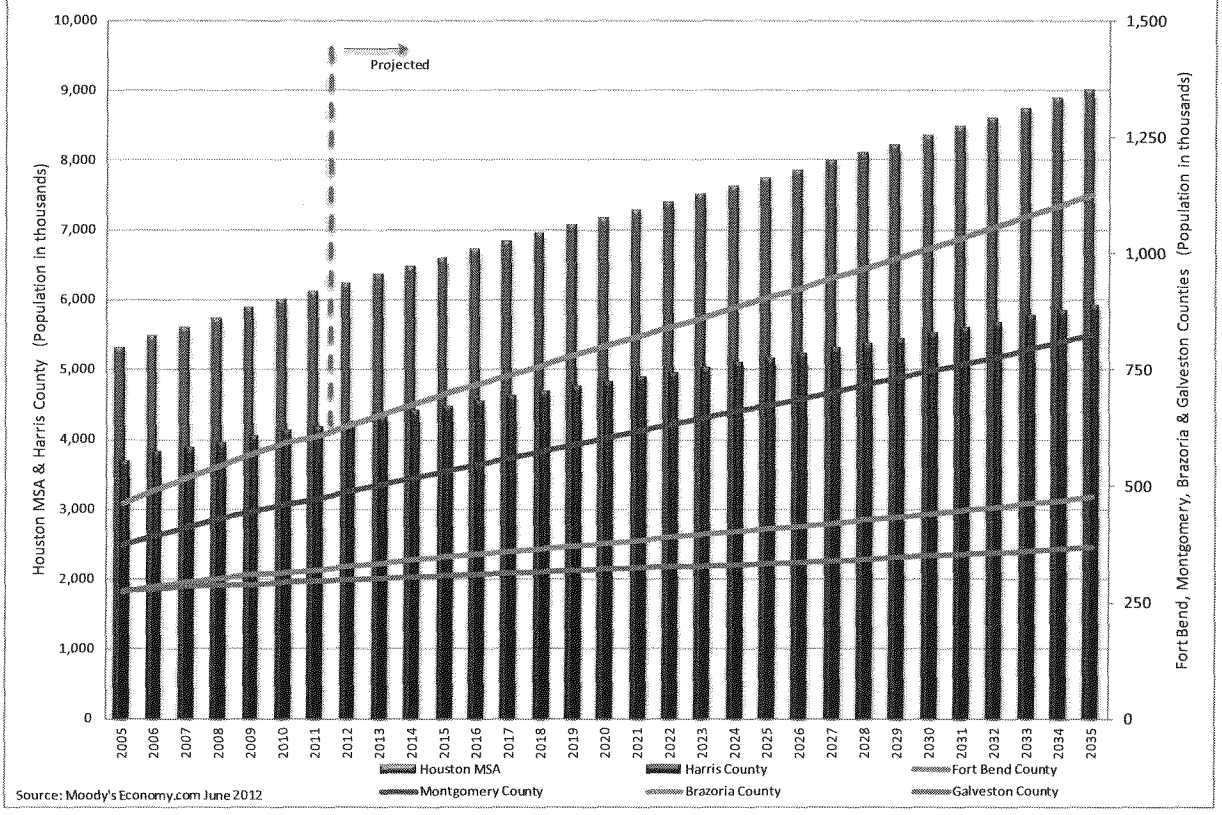
Socio-Economic Outlook

The following figures summarize Houston MSA and individual county forecasts provided by Moody's in June 2012. For scaling purposes, the larger MSA and Harris County data is shown as bar charts while the other constituent counties are shown as line charts. Fort Bend County data is depicted by a green line.

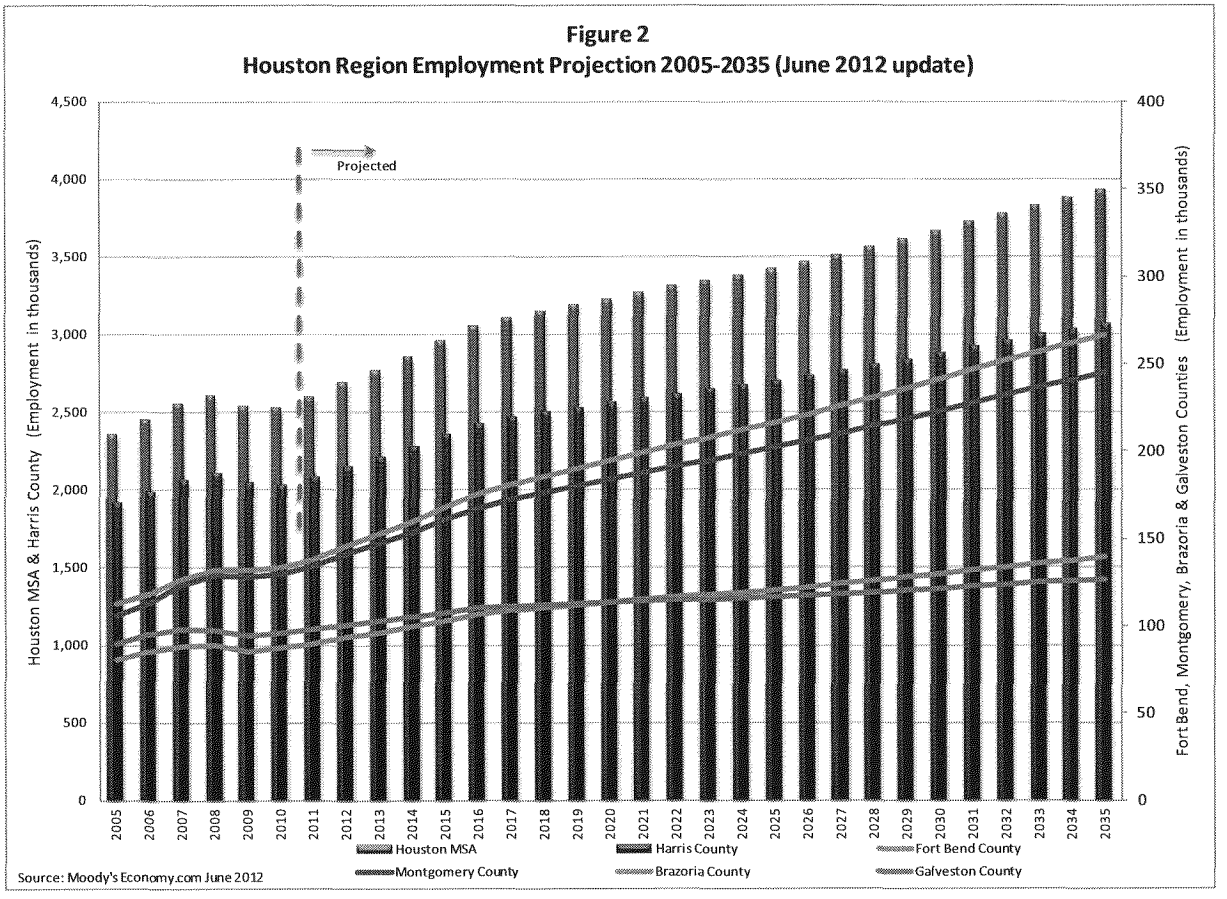
Figure 1 shows Moody's forecast of population for the Houston region. Considerable growth is anticipated for Fort Bend, Montgomery and Harris counties – those that future Grand Parkway

Segments D to G will traverse. Average annual growth of Fort Bend population is predicted to be roughly 2.6%.

Figure 1
Houston Region Population Projection 2005-2035 (June 2012 update)



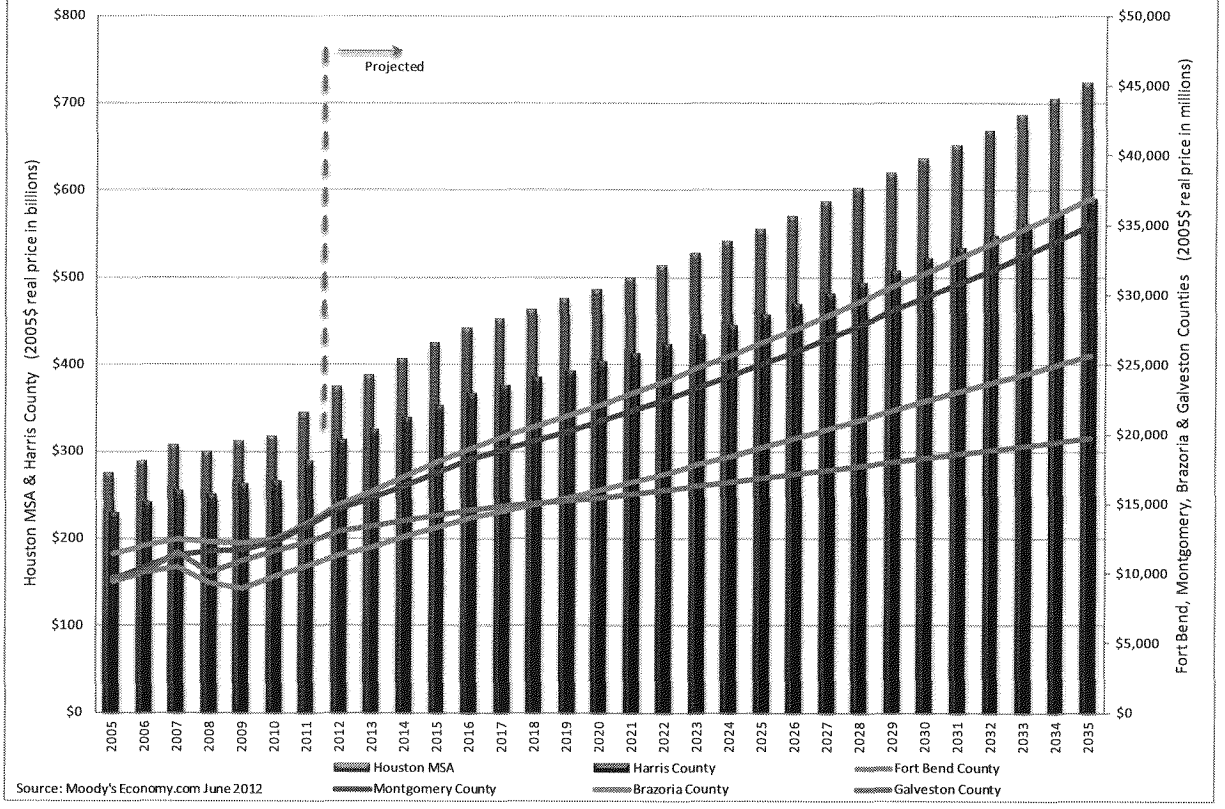
Moody's current projections for employment shown in Figure 2 also indicate a particularly healthy outlook for Fort Bend and Montgomery Counties. The estimate of annual average growth is approximately 2.8% for the Fort Bend County employment. The present economic slowdown is visually evident in the figure as is the relatively high growth through 2016 as the recovery continues.



Finally, projections for regional and county "gross product" are summarized in Figure 3 which also presents strong economic growth for Fort Bend County which is forecast to remain the second highest in the region in terms of the value of its economic activity.

The projections of gross product and population imply annual average growth of gross product *per head* of about 1.8 percent over the forecast horizon in Fort Bend County.

Figure 3
Houston Region Gross Product Projection 2005-2035 (June 2012 update)



Source: Moody's Economy.com June 2012

In summary, Moody's projections for the region and for Fort Bend in particular remain very positive in terms of the outlook of these three key variables that would be key drivers of travel demand in the Grand parkway corridor.

To assess whether the outlook has changed since the original 2011 T&R study was performed, CDM Smith compared the Moody's forecasts updated in February 2011 versus those obtained in June 2012. Table 3 summarizes the differences.

Fort Bend population shows a small adjustment in the early years due to revisions as a result of the 2010 Census, as population had generally been underestimated prior to the Census. There is also a minor adjustment to the outer years which is a maximum of only 1.5 percent by 2040.

Table 3
Comparison of Socioeconomic Forecasts
Fort Bend County

	Population [1]			
Year	Original Study	June 2012 update	Diff.	% Diff.
2009	556,900	569,100	12,200	2.2%
2010	579,900	590,900	11,000	1.9%
2011	602,800	607,000	4,200	0.7%
2015	693,600	696,400	2,800	0.4%
2020	802,400	800,500	(1,900)	-0.2%
2030	1,020,800	1,010,600	(10,200)	-1.0%
2040	1,261,000	1,242,500	(18,500)	-1.5%

	Employment [2]			
Year	Original Study	June 2012 update	Diff.	% Diff.
2009	131,700	131,400	(300)	-0.2%
2010	133,200	133,300	100	0.1%
2011	139,000	138,000	(1,000)	-0.7%
2015	169,400	167,500	(1,900)	-1.1%
2020	196,300	194,400	(1,900)	-1.0%
2030	246,700	240,900	(5,800)	-2.4%
2040	304,400	292,200	(12,200)	-4.0%

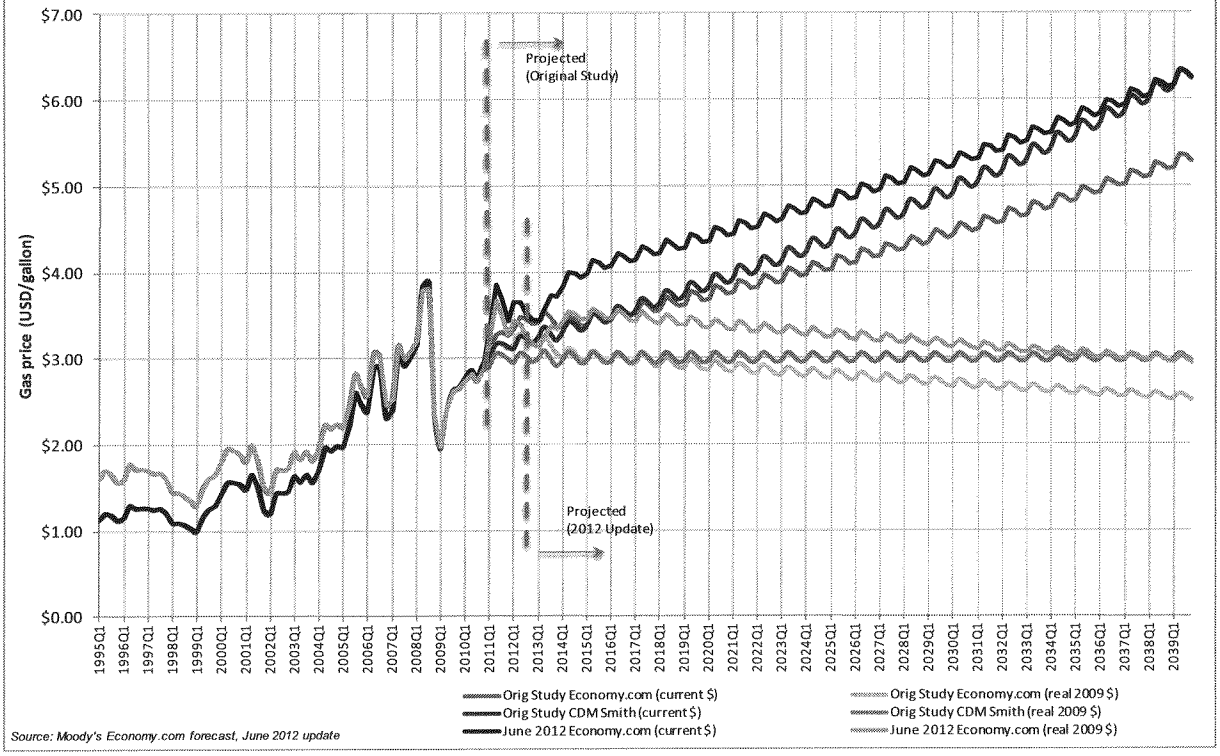
	Gross Product (Mil. Chained 2005 $) [3]			
Year	Original Study	June 2012 update	Diff.	% Diff.
2009	$12,207	$12,146	($61)	-0.5%
2010	$12,559	$12,489	($70)	-0.6%
2011	$13,537	$13,633	$97	0.7%
2015	$17,104	$17,980	$876	5.1%
2020	$21,349	$22,125	$777	3.6%
2030	$30,368	$31,600	$1,231	4.1%
2040	$43,023	$43,182	$158	0.4%

Note:
Historical data end dates for respective variables as below:
[1] Population - Original Study: December 2009
June 2012 update: December 2011
[2] Employment - Original Study: December 2009
June 2012 update: December 2010
[3] Gross Product - Original Study: December 2009
June 2012 update: December 2010

Employment is now projected to be slightly lower - between 1 percent and 2.4 percent less through 2030 and 4.0 percent less in 2040. Finally, the outlook for gross product in the County is more positive throughout the whole forecast period by as much as 5.1 percent.

Another key exogenous variable is the projected fuel price assumption. To gauge the dynamics of fuel price forecasting we compared the two Moody's forecasts as shown in Figure 4. Current forecasts are roughly 25 cents higher per gallon than the previous forecasts in the short term but gradually converge to parity in the long term resulting in a larger reduction in real prices over the forecast horizon.

Figure 4
National Gas Price Forecast Comparison



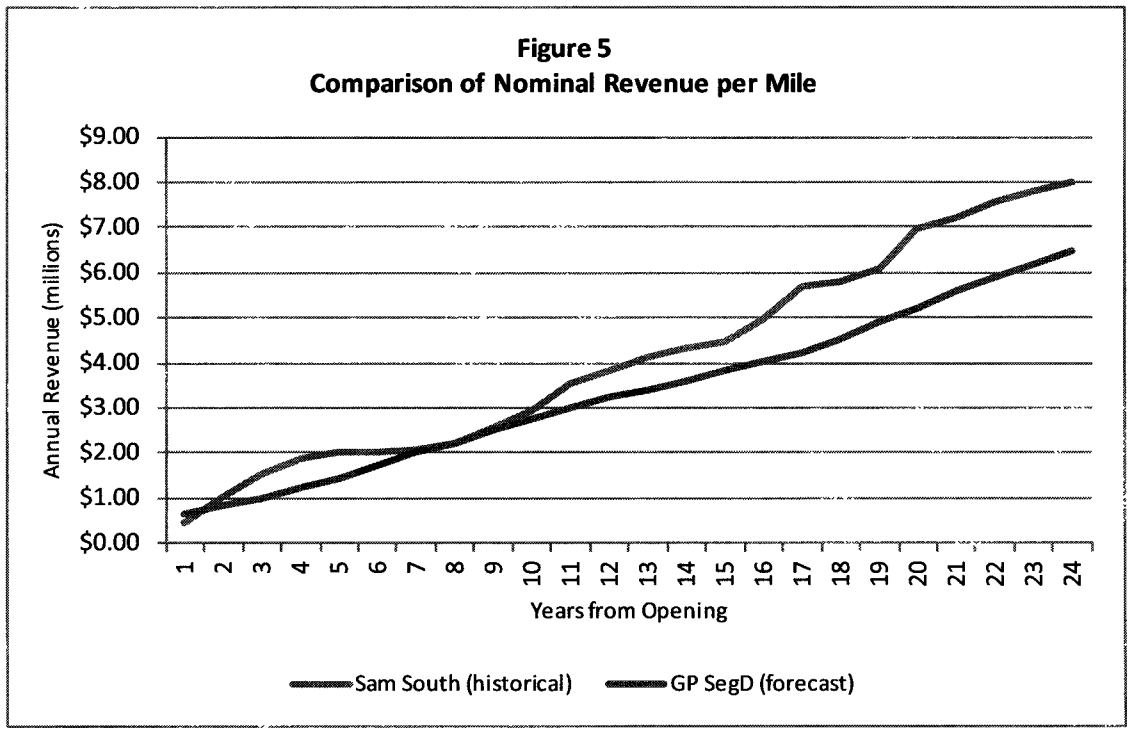
In conclusion, the base case assumptions used for key socio-economic variables in the original 2011 study remain reasonable having reviewed them against the updated current outlook. The independent economics has also been reviewed for reasonableness by CDS.

It should also be noted that sensitivity tests of the variability of T&R to key variables was provided in the original study.

Reasonableness of Base Case Revenue Growth

As a sense check of the reasonableness of the base case revenue growth forecast CDM Smith has compared the base case revenue forecasts for Segment D versus actual historical revenues of an established parallel toll facility in the western Houston region – the Western portion of the Sam Houston Tollway (Sam South) operated by HCTRA. This comparison made at the 'per mile' level is shown in Figure 5.

Figure 5
Comparison of Nominal Revenue per Mile



Except for toll increases roughly every 10 years, revenue growth on the Sam Houston has occurred as a result of increases in transactions. On the other hand Grand Parkway Segment D is estimated to achieve revenue growth as a result of regular annual toll increases in addition to traffic growth. Although the comparison is not perfect, it does provide a sense of the reasonableness of the estimated revenues by analogy.

Additional Sensitivity Tests

Standard sensitivity tests were provided in the original 2011 T&R Report, including the impacts of higher/lower economic growth, lower values of time and higher fuel prices. Since the 2011 Study was completed further refinements to the regional travel demand model have occurred as a result of ongoing studies for Fort Bend County and HCTRA/TxDOT. In addition further information has become available on possibly different configuration and tolling parameters for the other Segments of the Grand Parkway.

CDM Smith has identified the following possible refinements to assumptions that warrant further investigation and analysis of their estimated impact, as sensitivites:

Tolling

- Toll rates on other Grand Parkway Segments could be higher than assumed, i.e. 17.5 cents per mile versus 14.7 cents (in 2012 Dollars);
- Refined tolling concept on other Segments, changes to assumptions in Segment B (toll-free section on SH 35) and no-build of Segment A; and
- ETC-only (i.e. no video tolling) on other Grand Parkway Segments in lieu of AET;

Modeling Refinements

- Accelerated implementation schedule for other Grand Parkway Segments;
- Base year model refinements including additional survey trip tables merged from Segment E, F and G and carrying these additional adjustments to future year trip tables;
- Additional model calibration for screen lines and counts for Segment E, F and G study; and
- VOT inflation (2.25% until 2015 and 2.5% p.a. thereafter instead of 2.75% p.a.);

Socio-economics

- Improved Socio-economic data (refined CDS forecast includes calibration to 2010 Census data and revisions for the Westpark Extension study area).

Table 4 shows the estimated impacts of all the above changes for the following two scenarios, given that it is not certain that the other Segments would be required to be widened to accommodate traffic growth:

1. Base Case – as in the 2011 T&R Study it is assumed that Segment D and other Segments of the Grand Parkway will be widened as needed to six lanes to accommodate traffic growth;
2. No Widening – other Segments will remain at a 4-lane configuration and Segment D widening will not be triggered as capacity is reached.

Table 4
Estimated Impact on Transactions and Revenue
Percent Change versus 2011 Study

Year	Base Case (Widening to 6 Lanes from 2025 on)	Sensitivity Test without Widening (4 Lanes only)
2015	-3.0%	-3.0%
2020	-3.4%	-3.4%
2025	-8.8%	-22.2%
2035	-10.2%	-26.7%

The cumulative impact to the base case of the multiple refinements to assumptions listed above is minimal in the short-term and could have an impact to the Base Case of approximately 8 per cent to 10 percent long term with ETC-only operations and higher toll rates on the other Segments.

In the no widening scenario, there is an estimated revenue impact of over 20% after 2025. In this scenario FBGPTRA could offset this negative impact by foregoing Segment D expansion and saving costs appropriately in conjunction with further toll increases to manage demand.

Conclusions

Based on current economic trends, recent traffic performance data, and our review of key assumptions, CDM Smith concludes that the base case forecasts provided in the 2011 T&R Study remain valid and reasonable. No revised T&R Estimates are needed, however additional sensitivity tests are provided as a result of new information on the possible changes to some of the key assumptions. These new sensitivity tests are within the bounds of those provided previously; as always we recommend appropriate stress testing of financial models.

* * *

Respectfully submitted,

Scott A. Allaire

Scott Allaire
Vice President
CDM Smith Inc.

Attachment A

Update from Independent Economist – CDS Market Research

CDS Market Research
Community Development Strategies

May 25, 2012

Mr. Jonathan R. Pagan
Principal Project Manager
CDM Smith
3201 Jermantown Road, Suite 400
Fairfax, VA 22030

Mr. Pagan

CDS Market Research (CDS) is pleased to submit this update letter as a confirmation of the economic and demographic forecasts used in the Traffic and Revenue study by CDS Smith and documented in the report, *Economic and Demographic Forecast Report, Grand Parkway - Segments D through G,* March 18, 2011. These forecasts were adjusted slightly in June 2011 and documented in *Westpark Tollway Economic/Demographic Projections* and then updated in August 2011. In this letter, CDS will describe:

- Regional employment and population trends
- Announced development in the Grand Parkway Corridor
- Any factors which would have changed the assumptions used in preparing the previously mentioned forecasts.
- Outside review of the forecasts

Regional Employment and Population Trends: The Houston Regional Economy has improved somewhat in the past year. By most measures, Houston leads the nation in recovery from the recent recession. In the CDS economic and demographic projections, the county and regional forecasts of the University of Houston Institute for Regional Forecasting (UH-IRF) were adopted. After the 2010 Census was released, CDS adjusted the UH-IRF population projections slightly to accommodate the new census population estimates. In the CDS forecasts, the 8-county regional population was expected to increase by 143,900 annually from 2010 to 2040 and regional employment was expected to increase 56,750 annually over that same period. According to the U.S. Bureau of Labor Statistics, the region added 83,600 payroll jobs in the 12-months from March 2011 to March 2012. According to U.S. Bureau of the Census estimates, the 8-County region added 139,073 residents between the census and their latest 2011 estimate. Therefore the most recent statistics for the past year do not suggest that the long-term forecasts for the region and the counties are in need of modification.

Measure	CDS Long Term Projection –Avg. Annual Growth	Most recent Annual Growth from Government Sources	Actual 1 year Change / Long Term Projection
8-County Regional Employment	56,750	83,600	+47.3%
8-County Regional Population	143,900	139,073	-5.4%

The annual employment growth projection of 56,750 is an average over a long period of time, the one year growth of 83,600 is not out of line with a cyclical trend that would result in the long term average projected by the UH-IRF and CDS.

1001 S. Dairy Ashford, Suite 450 • Houston, TX 77077
(281) 582-0924 • Fax: (281) 497-3637 • www.cdsmr.com

Announced New Development. For this review, CDS investigated new announced development as well as changes in major development plans along the Grand Parkway corridor. CDS identified 36 residential development announcements in the past year and 5 office projects. Following is a list and a general assessment of whether those changes would materially affect the economic and demographic forecasts.

For each recent announcement, the location is matched to our geographic zones (Regional Analysis Zones (RAZ) or Small Analysis Zones (SAZ) which are often subsets of Traffic Analysis Zones). The growth in the CDS forecasts was evaluated to determine if the forecasts are adequate to accommodate expected growth within the planned development.

Residential Announcements

Development	Type	County	RAZ/SAZ	Comment
Waterford at Summer Park (196 units)	Apartments	Ft. Bend	156/3107	Forecast is consistent (high)
Dolce Living at Rosenberg (156 units)	Apartments	Ft. Bend	156/3107	Forecast is consistent (high)
Greatwood Lakes (100 acres, 254 lots)	Subdivision	Ft. Bend	154/3091	Forecast is consistent (high)
Telfair Lofts (317 units)	Apartments	Ft. Bend	150/2180	Forecast is barely adequate
Avalon at Telfair	Subdivision	Ft. Bend	154/2196	Forecast is consistent (high)
Ball Park at Imperial (254 units)	Apartments	Ft. Bend	151/2220	Forecast is consistent (high)
Brazos Senior Villas (96 units)	Senior Apts	Ft. Bend	149/2282	Forecast is consistent
Watermark at Sienna Plantation (240 units)	Apartments	Ft. Bend	155/2131	Forecast is consistent (high)
Taylor Morrison (100 acres-Broussard Tract)	Subdivision	Ft. Bend	146/2227	Forecast is consistent (high)
Taylor Morrison (15 acres-Parkway Lakes)	Subdivision	Ft. Bend	146/3126	Forecast is consistent (high)
Legend Homes (175 acres)	Subdivision	Ft. Bend	146/3117	Forecast is consistent (high)
Legends at Cinco Ranch Phase 2 (336 units)	Apartments	Ft. Bend	144/2242	Forecast is consistent (high)
Toll Brothers (180 acres-Reserve at Katy)	Subdivision	Ft. Bend	144/2234	Forecast is consistent (high)
Meritage Homes (117 acres Gustafson Tract)	Subdivision	Ft. Bend	144/2234	Forecast is consistent (high)
Terra Vista (600-acres)	Subdivision	Ft. Bend	146/2207	Forecast is consistent (high)
Lennar (242 acres – Addison Lakes)	Subdivision	Ft. Bend	143/1456	Forecast is consistent (high)
Cane Island (800 acres)	Subdivision	Ft. Bend	143/2319	Forecast is consistent (high)
Watermark at Katy Ranch (260 units)	Apartments	Harris	111/1436	Forecast is consistent (high)
KB Homes (60 acres- Morton Crossing)	Subdivision	Harris	113/3162	Forecast is consistent (high)
Williamsburg Apartments (600 units)	Apartments	Harris	113/3158	Forecast is low
Mariposa at FM529 (180 units)	Apartments	Harris	105/1715	Forecast is barely adequate
Queenston Manor	Apartments	Harris	114/1451	Forecast is consistent (high)
KB Homes (91 lots, Berkshire Crossing)	Subdivision	Harris	114/1452	Forecast is consistent (high)
Sueba Vintage Park Phase 4 (239 units)	Apartments	Harris	122/1801	Forecast is consistent (high)
Sueba-San Antiqua (277 units)	Apartments	Harris	123/1675	Forecast is low
Mariposa at Ella Bldv. (180 units)	Apartments	Harris	123/1655	Forecast is consistent (low)
DRHorton/Ryland Homes (127 acres Glenloch Farms)	Subdivision	Harris	122/1800	Forecast is consistent (high)
Meritage Homes (100 acres)	Subdivision	Harris	122/3268	Forecast is consistent (high)
McKenzie Park (193 acres, 294 lots)	Subdivision	Harris	122/3267	Forecast is consistent (high)
Ryland Homes (at Northhampton)	Subdivision	Harris	122/1808	Forecast is consistent (high)
New Subdivision (600 acres)	Subdivision	Mont.	130/3282	Forecast is consistent (high)
The Woodlands Lodge (300 units)	Apartments	Mont.	131/2399	Forecast is consistent (high)
The Retreat at Country Club (210 units)	Apartments	Mont.	136/2472	Forecast is consistent (high)
Mansions Woodland Phase 2 (405 units)	Apartments	Mont.	132/2415	Forecast is consistent (high)
Shadow Creek South (161 lots)	Subdivision	Harris	121/1816	Forecast is consistent (high)
Lennar, DRHorton -Whitestone Tract (1,564 acres)	Subdivision	Mont.	128/3317	Forecast is slightly low

Major Commercial Announcements

Development	Type	County	RAZ/SAZ	Comment
Energy Tower III (451,000 sf)	Office	Harris	104/1429	Forecast is low
Trammel Crow (3 Buildings, 1.5 million sf)	Office	Harris	102/1416	Forecast is low
Parkway Central (228,000 sf)	Office	Harris	104/1426	Forecast is low
Skanska Energy Corridor (2 buildings, 700,000 s.f)	Office	Harris	100/1351	Forecast is slightly low
Remington Square Building C (118,000 sf)	Office	Harris	107/1699	Forecast is consistent (high)
City Centre Three (120,000 sf)	Office	Harris	102/1412	Forecast is consistent (high)
Granite Briarpark Green (300,000 sf)	Office	Harris	63/1257	Forecast is consistent (high)
Six Sugar Creek (322,000 sf)	Office	Ft. Bend	151/2178	Forecast is consistent (high)
Research Forests Lakeside(6 bldgs, 358,000 sf)	Office	Mont.	132/2420	Forecast is slightly low
3 Waterway Place (152,000 sf)	Office	Mont.	132/2954	Forecast is slightly low
Anadarko Tower II (800,000 sf)	Office	Mont.	132/2954	Forecast is slightly low
Tanger Premium Outlet Mall (350,000 sf)	Retail	Galv.	178/2779	Forecast is consistent (low)

In the tables above, the Comment section can be interpreted as follows:

Forecast is consistent (high)	the forecast for this small zone can accommodate the announced project and much more
Forecast is consistent (low)	growth forecast for this small zone can accommodate the announced project
Forecast is slightly low	growth forecast in this small zone can accommodate some of the announced project
Forecast is low	forecast is not high enough for this zone to accommodate the announced project

Out of the 3,216 zones in the CDS Forecast, only 36 had new residential project announcements (1.1%). Of those 36 only 3 where considered to be "slightly low" or "low" (less than 1/10 of one percent),

For the jobs forecast, only 12 small zones had significant new projects announced (0.4%). In only three RAZs, 102 104 and 132, there were 4 small zones for which the announced commercial plans exceeded the forecasts (1.5% of the 199 RAZs and 0.1% of the SAZs).

The new announced developments in all of the zones in which our forecasts were generally sufficient were indicative of the development activity that CDS projected would occur within those zones. It was impossible to know the particular details of developments that have been announced since the last project update at the time of said update. However CDS' research and experience in the market lead us to believe that such development was highly likely.

Public Exposure of the Forecasts. In the past year since the forecasts were completed, CDS Market Research has been asked to present the forecasts to key groups across the Houston area. Presentations were made to:

- The West Houston Association
- The North Houston Association
- The Urban Land Institute – Houston Section
- Bay Area Houston Economic Partnership

In every case, the forecasts have been received positively. In some cases, the organizations have posted the forecasts on their web sites. No negative comments have been received by CDS

For the purpose of reasonable traffic and revenue projections, and based on this research, CDS Market is satisfied that the forecasts of population and jobs to 2040 represents a reasonable and useful projection of the future of the Houston region.

Final Report

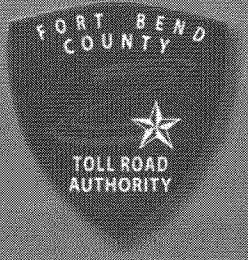
Fort Bend Grand Parkway Toll Road Authority

Grand Parkway Segment D Comprehensive Traffic and Revenue Study 2011

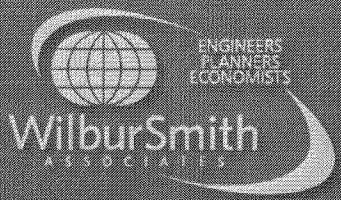
Final Report

Fort Bend Grand Parkway
Toll Road Authority

Grand Parkway Segment D Comprehensive Traffic and Revenue Study 2011



Prepared by



June 2011

TABLE OF CONTENTS

	PAGE NUMBER
Chapter 1 – Introduction	**1-1**
Project Description	1-1
Socio-Economic and Project Needs	1-2
Study Objectives	1-4
Order of Presentation	1-4
Chapter 2 – Data Collection And Existing Conditions	**2-1**
Existing Segment D Traffic Counts	2-1
Daily Traffic Variation	2-3
Hourly Traffic Variation	2-3
Speed and Delay Profile	2-3
Existing Situation, Key Findings	2-8
Chapter 3 – Travel Pattern Sureys	**3-1**
Video License Plate Survey	3-2
Handout Survey	3-5
Pattern of Surveyed Trips	3-8
Chapter 4 – Stated Preference Surveys	**4-1**
Survey Approach	4-1
Survey Administration	4-2
Survey Results	4-3
Demographics	4-3
Trip Characteristics	4-3
Results and Usage	4-4
Chapter 5 – Economic Growth Assessment	**5-1**
Regional Development Trend	5-1
Historical Population Trends	5-1
Historical Employment Trends	5-2
Historical Personal Income Trends	5-3
Trends in Households/Housing Units	5-4
Recent Economic Trends	5-5

TABLE OF CONTENTS (CONT'D)

	PAGE NUMBER
Recent Employment Trends	5-5
Factors Affecting Future Regional Economic Growth	5-5
Economic Geography	5-6
Historic Growth And Projections	5-6
The H-GAC 2040 Regional Growth Forecast	5-7
County Level Population Projections	5-8
Overall Evaluation of H-GAC Forecasts	5-8
Small Area Forecast Method Overview	5-9
Future Transportation Network Assumptions	5-9
Contact With Area Agencies And Organizations	5-9
The RAZ Level Forecasts	5-9
Distributing RAZ-Level Forecast Data To The TAZ And SAZ	5-10
Conclusions	5-10
Chapter 6 – Traffic And Toll Revenue Estimates	**6-1**
Traffic And Revenue Forecasting Process	6-1
The H-GAC Regional Travel Demand Model	6-2
Base Year Model Validation	6-2
Highway Network Development	6-3
Trip Table Adjustments	6-4
Toll Diversion Methodology	6-4
Values-of-Time And Vehicle Operating Costs	6-4
Toll Rates	6-5
Other Basic Assumptions	6-6
Estimated Average Weekday Traffic	6-7
Estimated 2020 Weekday Traffic	6-7
Estimated 2035 Weekday Traffic	6-7
Estimated Annual Transactions and Revenue	6-7
Disclaimer	6-10
Chapter 7 – Alterantive Traffic and Revenue Forecasts and Sensitivity Tests	**7-1**
Alternate Annual T&R Estimates – 'Segment D Only'	7-1
Sensitivity Tests	7-3

TABLE OF CONTENTS (CONT'D)

	PAGE NUMBER
Higher Gas Prices	7-3
Reduced Long-Term Economic Growth	7-3
H-GAC Socio-Economics	7-4
Summary of Sensitivity Results	7-4

Attachment A – Houston Grand Parkway Stated Preference Travel Survey Report

Attachment B – Grand Parkway Economic/Demographic Projections, Segments D through G

ILLUSTRATIONS

FIGURE		FOLLOWS PAGE
1-1	Location Map	1-1
1-2	Grand Parkway Segments	1-2
2-1	Grand Parkway Count Locations	2-1
2-2	Estimated Weekday Traffic Segment D – 2010	2-2
2-3	Day of Week Traffic Variation	2-3
2-4	Hourly Traffic Variations	2-3
2-5	Speed Delay Survey Route Map	2-4
2-6	Observed Speed Profile on SH 99 Southbound	2-7
2-7	Observed Speed Profile on SH 99 Northbound	2-8
3-1	Origin-Destination Survey Locations	3-1
3-2	Video Mailout Survey Form	3-4
3-3	Video Mailout Survey Form	3-4
3-4	Video Mailout Survey Data	3-4
3-5	Video Mailout Survey Data	3-4
3-6	Video Mailout Survey Data	3-4
3-7	Handout Survey Form	3-7
3-8	Handout Survey Data	3-7
3-9	Handout Survey Data	3-7
3-10	Handout Survey Origins and Destinations AM Peak Period	3-8
3-11	Handout Survey Origins and Destinations PM Peak Period	3-9
4-1	Stated Preference Survey Results	4-3
5-1	Houston MSA Long-Term Employment Growth Trends	5-5
5-2	RAZ Zones In The Focus Area	5-10
5-3	Population Growth Per Square Mile 2010 to 2040	5-10
5-4	Job Growth Per Square Mile 2010 to 2040	5-10
6-1	Traffic and Revenue Forecasting Process	6-1
6-2	Toll Rates – Segment D – 2012 Levels	6-5
6-3	Toll Rates – Segments E, F And G – 2012 Levels	6-5
6-4	Estimated Weekday Traffic Segment D – 2020	6-7
6-5	Toll Transactions Market Share Segment D – 2020	6-7
6-6	Estimated Weekday Traffic Segment D – 2035	6-7
6-7	Toll Transactions Market Share Segment D – 2035	6-7

TABULATIONS

TABLE		PAGE
1-1	Example of Existing and Three-Tier ORT Tolls SR 924	1-9
2-1	Grand Parkway Segment D Traffic Count Program 2010	2-2
2-2	Existing Average Speeds	2-5
2-3	Existing Average Midday Speeds	2-7
3-1	Data Elements of Origin-Destination Survey	3-2
3-2	Video Survey Locations and Schedule	3-3
3-3	Video Survey Tabulations	3-5
3-4	Survey Station Locations and Distribution	3-7
4-1	SP Survey Sources	4-3
6-1	Vehicle Operating Cost Rates	6-5
6-2	Grand Parkway Segment D – Annual Transactions and Toll Revenues at Tolled Overpasses Base Case Forecast	6-8
7-1	Grand Parkway Segment D – Annual Transactions and Toll Revenues at Tolled Overpasses Alternative Case – Segment D Only	7-2
7-2	Sensitivity Test Results	7-5

CHAPTER 1 INTRODUCTION

At the request of the Fort Bend Grand Parkway Toll Road Authority (FBGPTRA), Wilbur Smith Associates (WSA) has completed a comprehensive traffic and revenue study (T&R study) of the proposed Grand Parkway Segment D project.

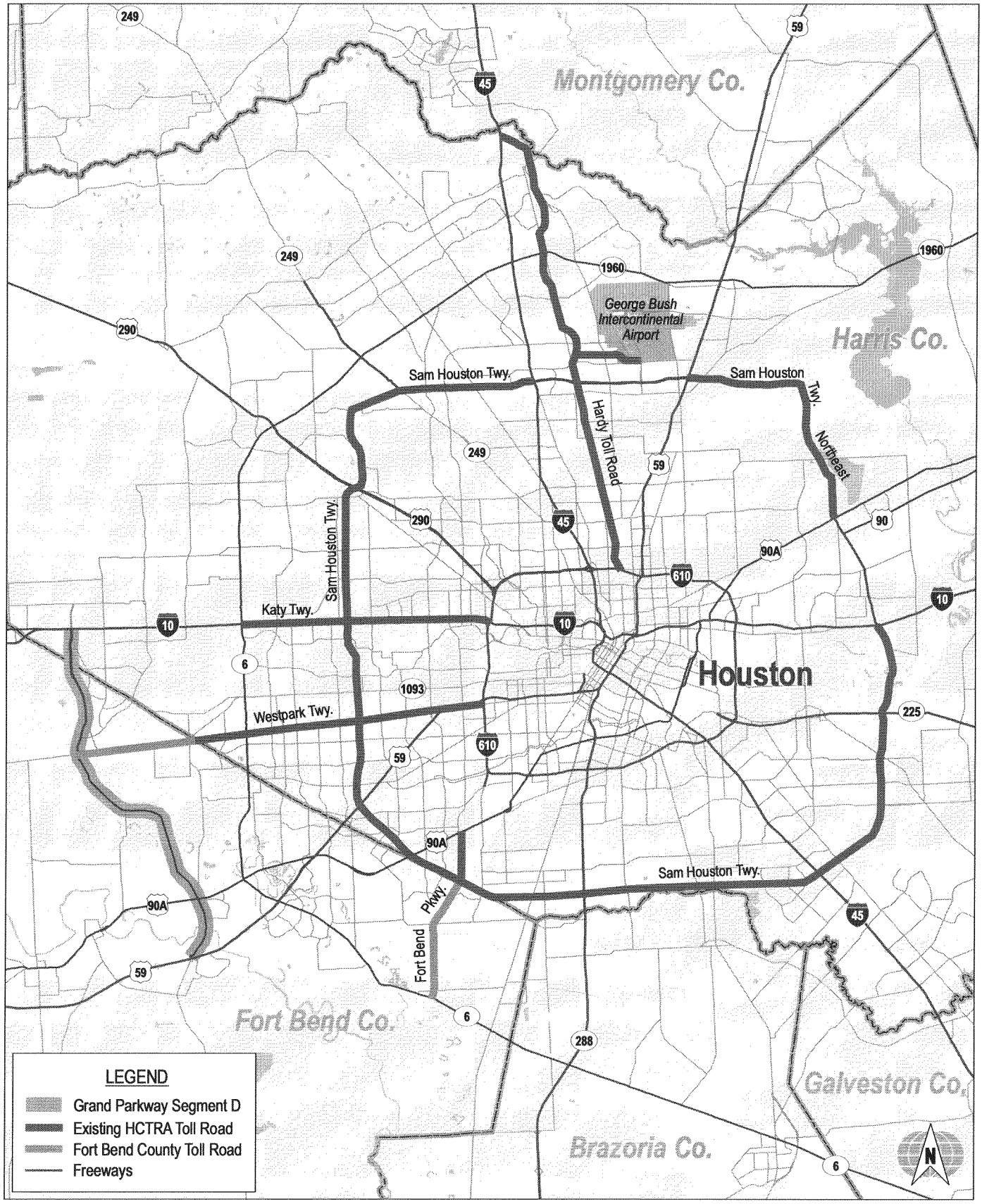
The T&R study was conducted using detailed data collection conducted at numerous locations during the early-fall of 2010, new travel pattern surveys, new market research on willingness to pay tolls, and an update of the socio-economic growth potential of the region by an independent economist. Based on this detailed information, travel demand models and traffic simulation models were refined to assess the T&R potential of the project. WSA has also examined the sensitivity of T&R to changes in key assumptions of future variables. This report documents the Segment D Comprehensive T&R Study conducted at a level of detail sufficient for use in support of project financing.

In addition, as part of a joint effort with another agency, WSA is conducting a T&R study of the near term construction of Grand Parkway Segments E, F, and G, immediately to the north of Segment D. Although this other study is subject to a longer schedule and is ongoing, it has been possible to share and incorporate developing assumptions and information relating to these other complementary Grand Parkway project segments.

PROJECT DESCRIPTION

A location map is provided in Figure 1-1 showing the location of the existing alignment of Segment D in Fort Bend County, located west of Houston, spanning 18.5 miles between IH 10 and US 59. This first phase opened on August 31, 1994.

Currently, Segment D is constructed as SH 99, a four-lane divided state highway, except between Oyster Creek and Owens Road where a four-lane undivided highway exists. The southern portion of Segment D, between Westpark Tollway and US 59(S), has an initial configuration consisting of seven interchanges built at-grade with local cross streets; traffic signals are vehicle-actuated causing delays to through-traffic. North of



WilburSmith ASSOCIATES

LOCATION MAP

FIGURE 1-1

Westpark Tollway mainline overpasses have already been built on SH 99 at all interchanges. This northern section has already seen significant growth and development which we estimate carried up to approximately 85,000 vehicles per weekday in 2010. This northern section, being existing toll-free infrastructure, will remain untolled in the future and it is assumed, apart from any necessary expansions, will retain its current configuration.

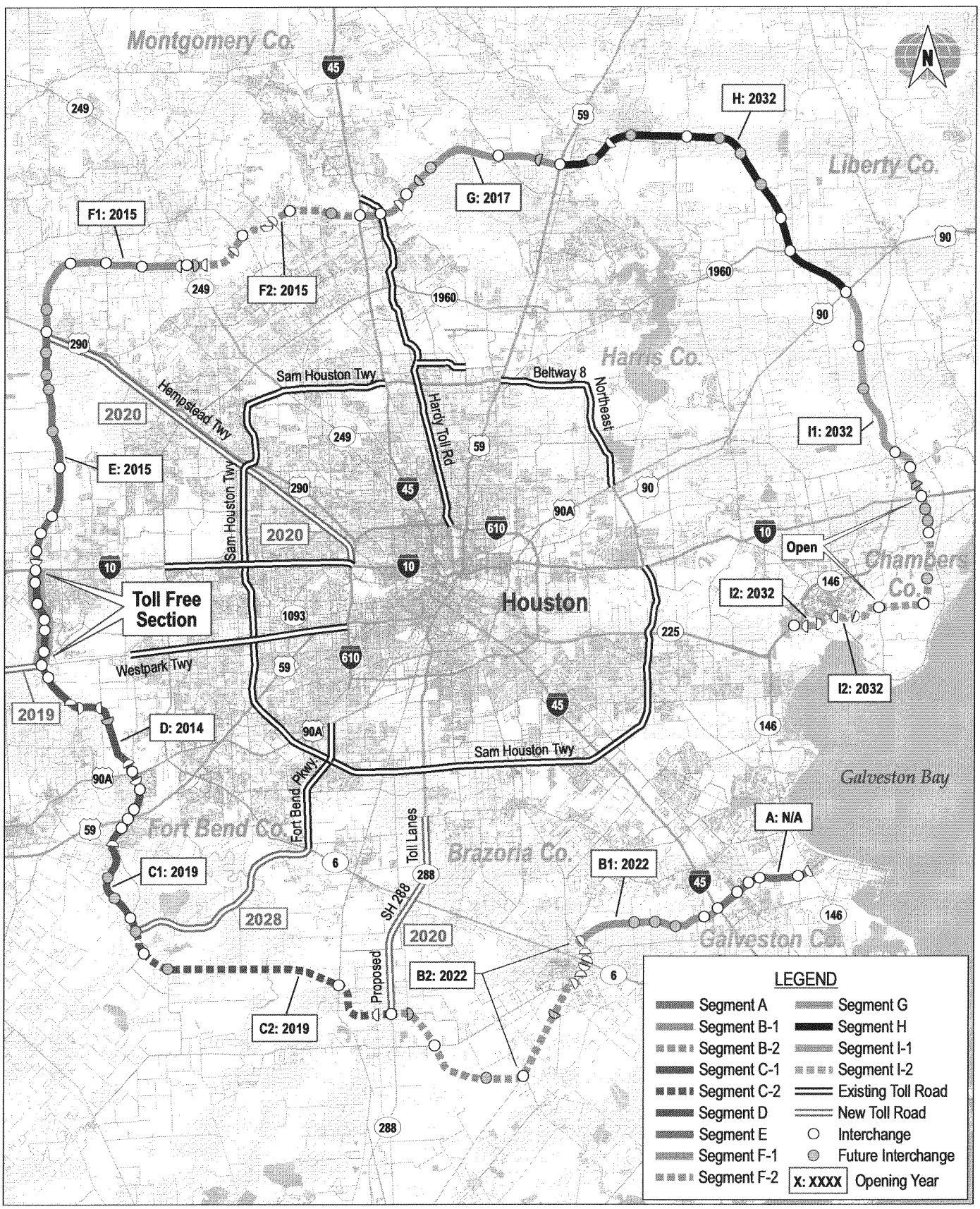
The next phase of Segment D construction will significantly improve journey times south of Westpark Tollway by adding seven new electronically tolled (ETC) mainline overpasses to provide toll-paying customers a new opportunity to bypass the at-grade signalized interchanges. Tolling locations will be situated on the overpasses such that traffic, if desired, can maintain toll-free travel on the existing infrastructure but be subject to queuing and delay at the traffic signals. Consistent with Fort Bend County's desire for ease of collection and for free-flow tolling, Segment D will be an ETC-only toll facility.

Therefore, Segment D will be completed as a four-lane divided highway with tolled overpasses. The engineering design accommodates future expansion to six-lanes as needed. The project is also envisioned as a *parkway* with a minimum of frontage roads although developers could be permitted to build a limited frontage road system to accommodate increases in local traffic.

Figure 1-2 shows the conceptual plan of the entire Grand Parkway as currently proposed. The proposed entire SH 99, Grand Parkway, is planned to be Houston's third circumferential highway approximately 180 miles around the Metropolitan Area. The roadway begins at IH-45 in Galveston and proceeds west, north, east, and south around the City. The highway is divided into nine segments. Several segments are subdivided into two sub-segments for purposes of prior analysis. The entire facility goes through Galveston, Brazoria, Fort Bend, Harris, Montgomery, Liberty, and Chambers Counties.

SOCIO-ECONOMIC AND PROJECT NEEDS

The 8-county region surrounding Houston has seen significant population growth over a sustained period. The region added almost 1 million people between 1970 and 1980 and although the rate of growth was substantially reduced by a major economic recession and restructuring which followed in the mid-1980's, the greater Houston region emerged as a much more diverse economy and strong growth resumed in the 1990s and through the beginning years of the 21st century. Today, almost 4.0 million people live in Harris County, and over 5.6 million in the total eight-county region.



WilburSmith ASSOCIATES

GRAND PARKWAY SEGMENTS

FIGURE 1-2

Recently, the most rapidly growing counties have been Montgomery and Fort Bend, averaging about 6 percent per year in growth. Both of these counties, which had populations in the range of about 50,000 residents in 1970 have grown nine to tenfold.

This growth has resulted in ever-increasing traffic demands and the need for more and more road and highway improvement projects. Some of these projects have been identified for implementation by TxDOT, including a possible extension of the IH 10 Katy Tollway Managed Lanes to the west, an extension of the existing SH 249 Freeway in the northwestern part of the region, a new toll facility along the SH 35 corridor between Hobby Airport and Alvin and possible future managed toll lanes along IH 45 between downtown Houston and Montgomery County. This latter project would provide additional competing capacity to Hardy Toll Road, but is not yet funded or committed.

The Houston region has become a toll road success story; Harris County and more recently Fort Bend County have very successfully been able to use toll road financing in construction of new highway capacity to significantly enhance regional mobility. A review of the historic performance of these toll facilities illustrates the widespread acceptance of toll roads by the local population, high ownership of toll transponders and rapid growth that each facility has brought to the corridors that the toll facilities serve. Almost all of the facilities have experienced a doubling of full first-year traffic within about five years and quadrupling within about ten years. This significant ramp-up of toll-paying traffic is driven by the socio-economic growth outside the Sam Houston Beltway and a greater understanding of the benefits that the toll facilities provide customers.

Most recently, the growth to the west of the Metropolitan Area has been accommodated by the Westpark Tollway and Katy Tollway. The Westpark Tollway is on a capacity constrained corridor and reached capacity in peak hours within a few years of opening. The Katy Tollway managed lanes are a part of the upgraded Katy Freeway system that has provided significant additional toll and toll-free capacity to the Katy corridor resulting in a tremendous growth in development which has been visible over the past three years. The demand for the managed lanes, particularly outside the Beltway, has exceeded all expectations.

Fort Bend County Toll Road Authority (FBCTRA) built and financed the Fort Bend Parkway and the Westpark Tollway Extension. It is considering further extensions of its existing facilities. Several other potential toll roads are at various planning stages in Fort Bend County including Grand Parkway Segment D and part of Segment C. The Grand Parkway is an important facility for the County and region's mobility and development.

STUDY OBJECTIVES

The objective of the study is to develop long-range revenue forecasts through 2055 for Fort Bend's Grand Parkway Segment D. The updated forecasts reflect the latest socio-economic growth assumptions, the latest planned highway improvements for the region including other Grand Parkway segments, and updated assumptions about future toll levels and other key variables.

ORDER OF PRESENTATION

The following sections will present the methodologies and results of this comprehensive T&R study including the extensive data collection program that included traffic counts, speed and delay studies, traffic profiles of existing conditions, origin-destination surveys, stated preference and market research efforts, an independent socio-economic analysis, an updating of the computerized travel demand model, estimation of local Values of Time (VOT), a review of toll collection operations and the traffic and revenue forecasts, themselves.

In addition to the base case forecast, which assumes a full build-out of the entire Grand Parkway, an alternative case 'Segment D Only' is presented. This assumes Segment D will be constructed alone without the impact of the other adjacent segments of the Grand Parkway. Although this is considered a very unlikely scenario it does illustrate the toll feasibility of Segment D as a standalone project.

This is followed up with several sensitivity analyses that identify the impacts of changes in various key assumptions, specifically a range of socio-economic growth and higher gasoline price assumptions. To add to the sensitivity tests on economic growth a scenario using the current but outdated H-GAC (MPO) socio-economic forecasts is presented to assess the impact of the updated base case growth assumptions provided by the independent economist for this study.

CHAPTER 2

DATA COLLECTION AND EXISTING CONDITIONS

In order to understand current traffic conditions and traffic profiles on the existing Grand Parkway Segment D and the roadway system in the surrounding area, extensive data collection efforts were undertaken. A series of data collection exercises were conducted in late August and early September 2010 in the Segment D corridor including collection of traffic count data on the existing Segment D and 'speed and delay' studies.

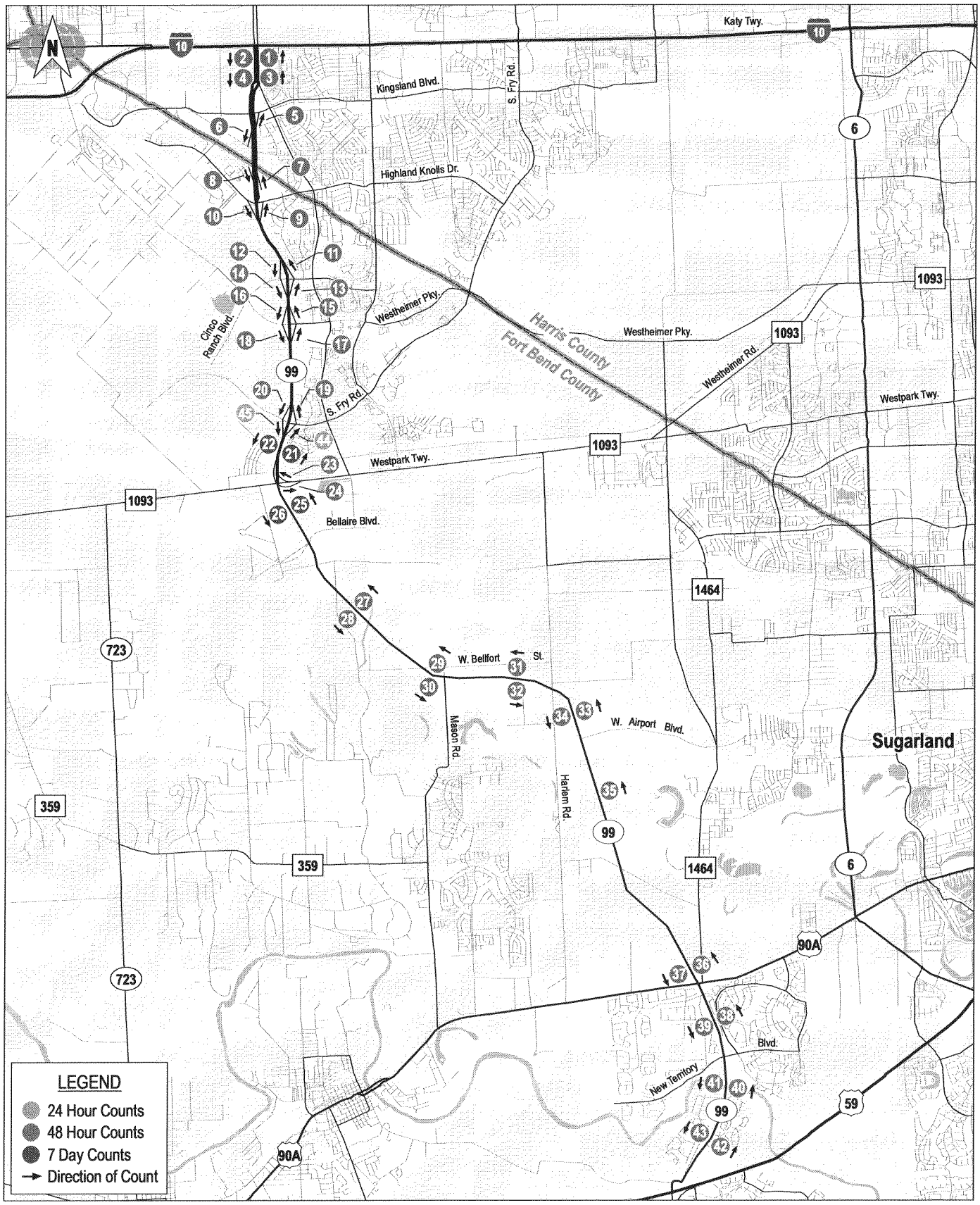
A series of 48-hour traffic counts were conducted in order to obtain a complete traffic profile for existing Segment D. The count data was reviewed and analyzed for use in the model calibration process explained in detail in following sections of this report.

A large amount of speed and delay data was collected for the model calibration process. This data was collected during several time periods throughout different periods of the day. This chapter of the report explains the data collection activities and presents the results of the data collection.

EXISTING SEGMENT D TRAFFIC COUNTS

In order to obtain current traffic profiles on the existing Segment D, automatic traffic counts were conducted on all mainline sections and entry/exit ramps on the existing 18.5 miles of the Segment D corridor. Figure 2-1 shows these locations on a map of the study area. Details of the traffic count locations are shown in Table 2-1.

The traffic counts were conducted by a subcontractor, CJ Hensch, a traffic data collection company, for the weekdays of August 31 and September 1, 2010, i.e. Tuesday and Wednesday. At two Segment D mainline locations, a full week's count program was conducted to observe daily variation of traffic. At 20 count locations, an average weekday traffic volume was obtained from a 48-hour count. At ramps to/from South Fry Road, an additional 24-hour count was conducted to verify on/off movements.



WilburSmith ASSOCIATES

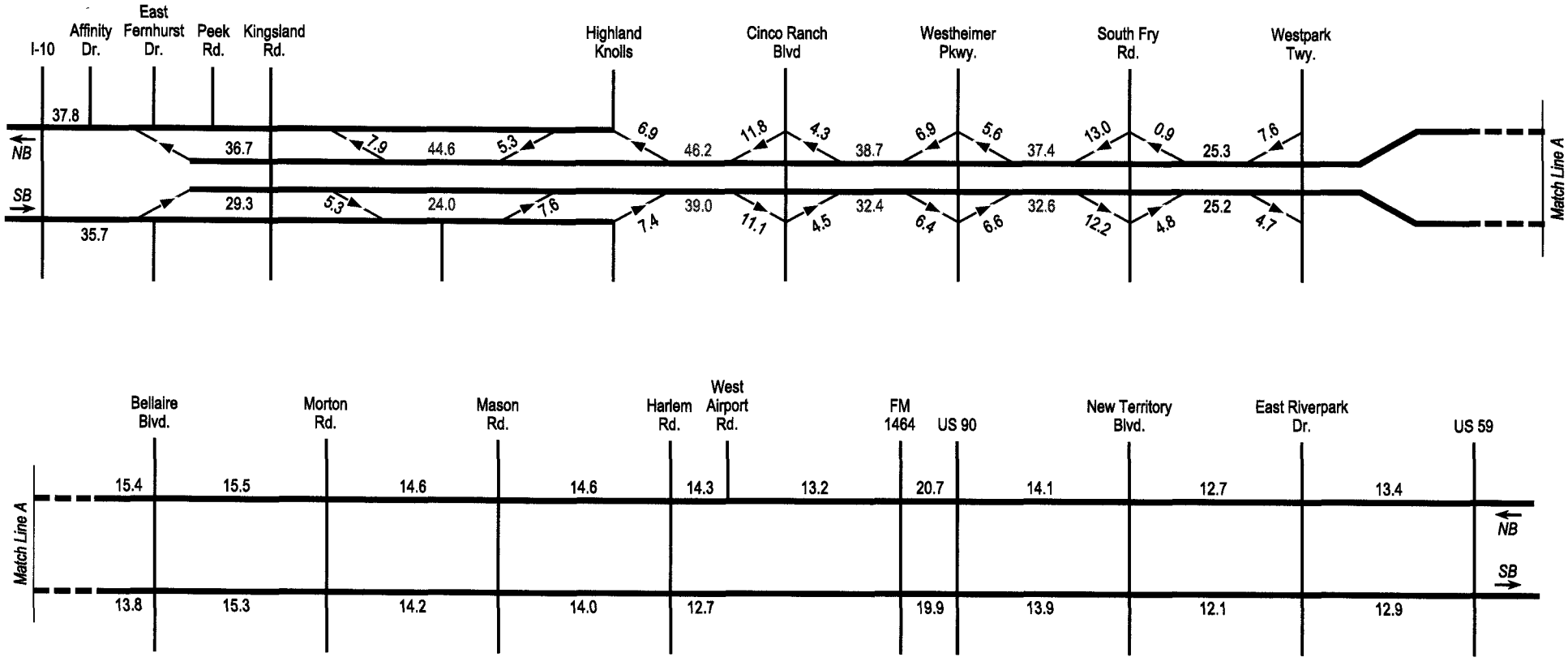
GRAND PARKWAY COUNT LOCATIONS

FIGURE 2-1

Table 2-1
Grand Parkway Segment D Traffic Count Program 2010

Loc.	Name	Description	Dir	Count Date (Period)	Count Type
1	SH 99	b/w Affinity Dr & IH-10	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
2	SH 99	b/w Affinity Dr & IH-10	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
3	SH 99 mainlane	b/w Fernhurst Dr & Kingsland Blvd	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
4	SH 99 mainlane	b/w Fernhurst Dr & Kingsland Blvd	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
5	Off-ramp	SH 99 to Kingsland Blvd	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
6	Off-ramp	SH 99 to Katy Fort Bend Rd	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
7	On-ramp	Highland Knolls to SH 99	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
8	On-ramp	Katy Fort Bend Rd to SH 99	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
9	Off-ramp	SH 99 to Highland Knolls	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
10	On-ramp	Bay Hill Blvd to SH 99	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
11	On-ramp	Cinco Ranch Blvd to SH 99	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
12	Off-ramp	SH 99 to Cinco Ranch Blvd	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
13	Off-ramp	SH 99 to Cinco Ranch Blvd	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
14	On-ramp	Cinco Ranch Blvd to SH 99	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
15	On-ramp	Westheimer Pkwy to SH 99	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
16	Off-ramp	SH 99 to Westheimer Pkwy	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
17	Off-ramp	SH 99 to Westheimer Pkwy	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
18	On-ramp	Westheimer Pkwy to SH 99	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
19	On-ramp	S Fry Rd to SH 99	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
20	Off-ramp	SH 99 to S Fry Rd	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
21	SH 99 mainlane	b/w FM 1093 & S Fry Rd	NB	Fri-Thu 8/27/10-9/02/10 (7 day)	Tube volume count
22	SH 99 mainlane	b/w FM 1093 & S Fry Rd	SB	Fri-Thu 8/27/10-9/02/10 (7 day)	Tube volume count
23	On-ramp	FM 1093 to SH 99	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
24	Off-ramp	SH 99 to Westpark Tollway	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
25	SH 99	b/w Bellaire Blvd & FM 1093	NB	Fri-Thu 8/27/10-9/02/10 (7 day)	Tube volume count
26	SH 99	b/w Bellaire Blvd & FM 1093	SB	Fri-Thu 8/27/10-9/02/10 (7 day)	Tube volume count
27	SH 99	b/w Morton Rd & Bellaire Blvd	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
28	SH 99	b/w Morton Rd & Bellaire Blvd	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
29	SH 99	b/w Mason Rd & Morton Rd	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
30	SH 99	b/w Mason Rd & Morton Rd	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
31	SH 99	b/w Harlem Rd & Mason Rd	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
32	SH 99	b/w Harlem Rd & Mason Rd	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
33	SH 99	b/w W Airport Blvd & Harlem Rd	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
34	SH 99	b/w FM 1464 Rd & Harlem Rd	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
35	SH 99	b/w FM 1464 & W Airport Blvd	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
36	SH 99	b/w US 90A & FM 1464	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
37	SH 99	b/w US 90A & FM 1464	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
38	SH 99	b/w New Territory Blvd & US 90A	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
39	SH 99	b/w New Territory Blvd & US 90A	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
40	SH 99	b/w E Riverpark Dr & New Territory Blvd	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
41	SH 99	b/w W Riverpark Dr & New Territory Blvd	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
42	SH 99	b/w US 59 & E Riverpark Dr	NB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
43	SH 99	b/w US 59 & E Riverpark Dr	SB	Tue-Wed 8/31/10-9/01/10 (48 hour)	Tube volume count
44	Off-ramp	SH 99 to S Fry Rd	NB	Thu 10/21/10 (24 hour)	Tube volume count
45	On-ramp	S Fry Rd to SH 99	SB	Thu 10/21/10 (24 hour)	Tube volume count

The collected traffic count data was reviewed and analyzed for use in the model calibration process. Figure 2-2 presents a schematic summarizing the estimated 2010 weekday traffic profile for existing Segment D, showing daily traffic estimates, in thousands, on each link.



LEGEND

00.0 Traffic Count Volume

00.0 Computed Traffic Volume

Note: Traffic volumes are in thousands.

Source: WSA traffic count program fall of 2010.

ESTIMATED WEEKDAY TRAFFIC SEGMENT D - 2010

FIGURE 2-2

WilburSmith ASSOCIATES

DAILY TRAFFIC VARIATION

As mentioned above, during the count program conducted by CJ Hensch, on existing Segment D, during the end of August through early September 2010, two locations on existing Segment D were identified just north and south of Westpark Tollway to capture 7-day traffic counts. This was done for the week beginning from August 27 (Friday), 2010 through September 3 (Thursday), 2010.

Figure 2-3 shows the daily traffic variation for the week for the two locations. It can be seen, from Figure 2-3, that traffic during the three middle weekdays was slightly above the average daily traffic of the week. Maximum traffic was observed on the Friday, with Sunday being the minimum traffic activity day. Traffic volume on Saturday was very close to the average daily traffic.

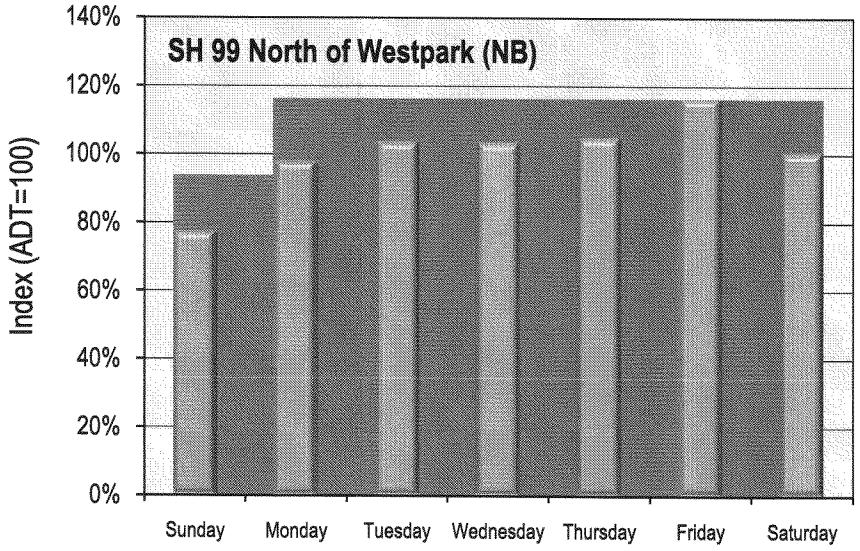
Monday was just below the average daily traffic with 97 percent of the average daily traffic volume. Traffic volume on Tuesday, Wednesday and Thursday was above the average daily traffic in the range of 102 to 105 percent. Friday had the maximum traffic activity, carrying almost 115 percent of the average daily traffic for the week. Traffic volume on Saturday was very close to the average daily traffic on the north side of the Westpark Tollway, however the count location on the south side showed an index of 105 percent in the northbound direction and 98 percent in the southbound direction for Saturday.

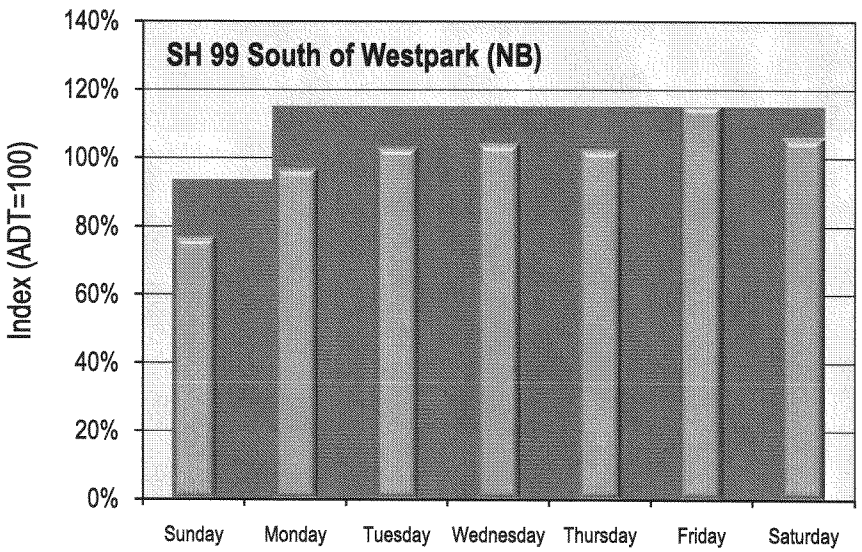
HOURLY TRAFFIC VARIATION

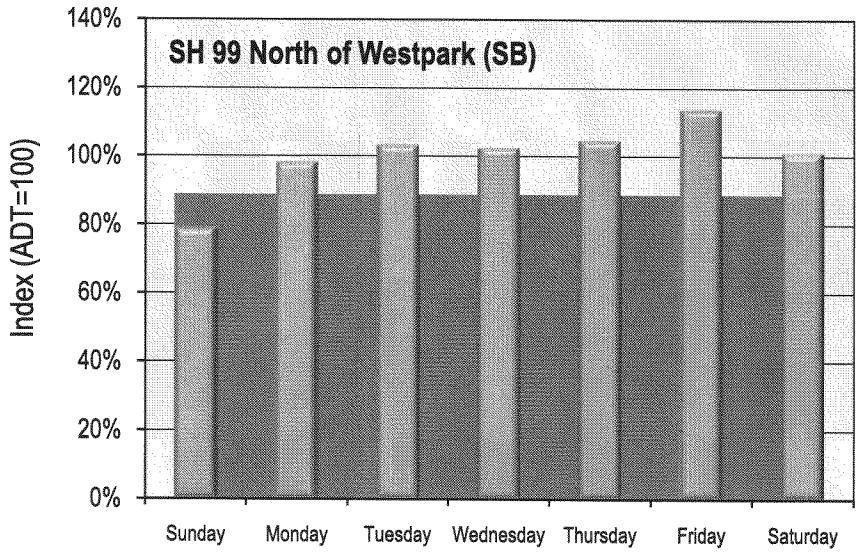
Figure 2-4 presents a graphical summary of hourly traffic counts observed at several sections of Segment D, during the count program. The figure presents hourly volume profiles on the mainline of Grand Parkway Segment D, at the major intersections of I.H. 10, Westpark Tollway, U.S. 90A and U.S. 59. Typically the northbound afternoon peak hour was higher than the southbound morning peak hour at all locations except at the north end of Segment D before its intersection with IH-10. At that location, the northbound morning peak hour was higher than the southbound morning peak hour, while the southbound afternoon peak hour was higher than the northbound afternoon peak hour, but still slightly lower than the northbound morning peak hour.

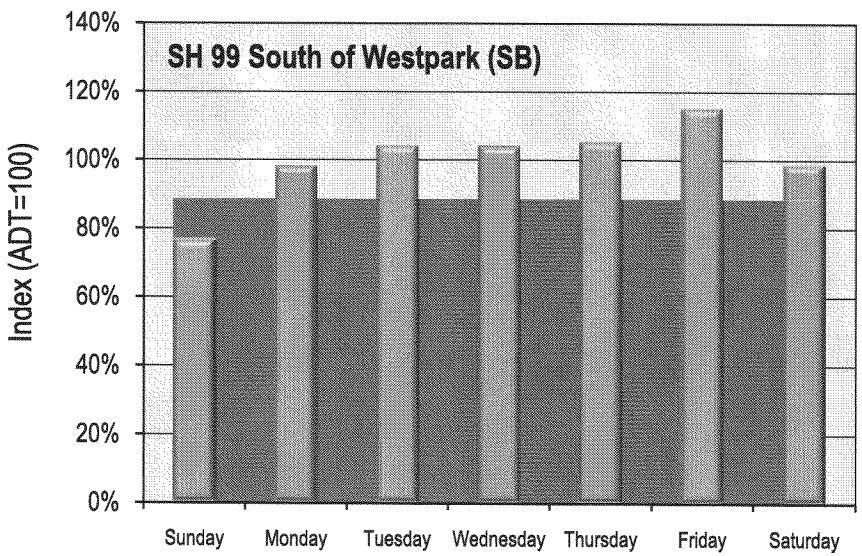
SPEED AND DELAY PROFILE

In order to understand the nature of traffic operations on the corridor and the surrounding highway network, speed and delay studies were conducted. This is a critical input for model calibration and validation.

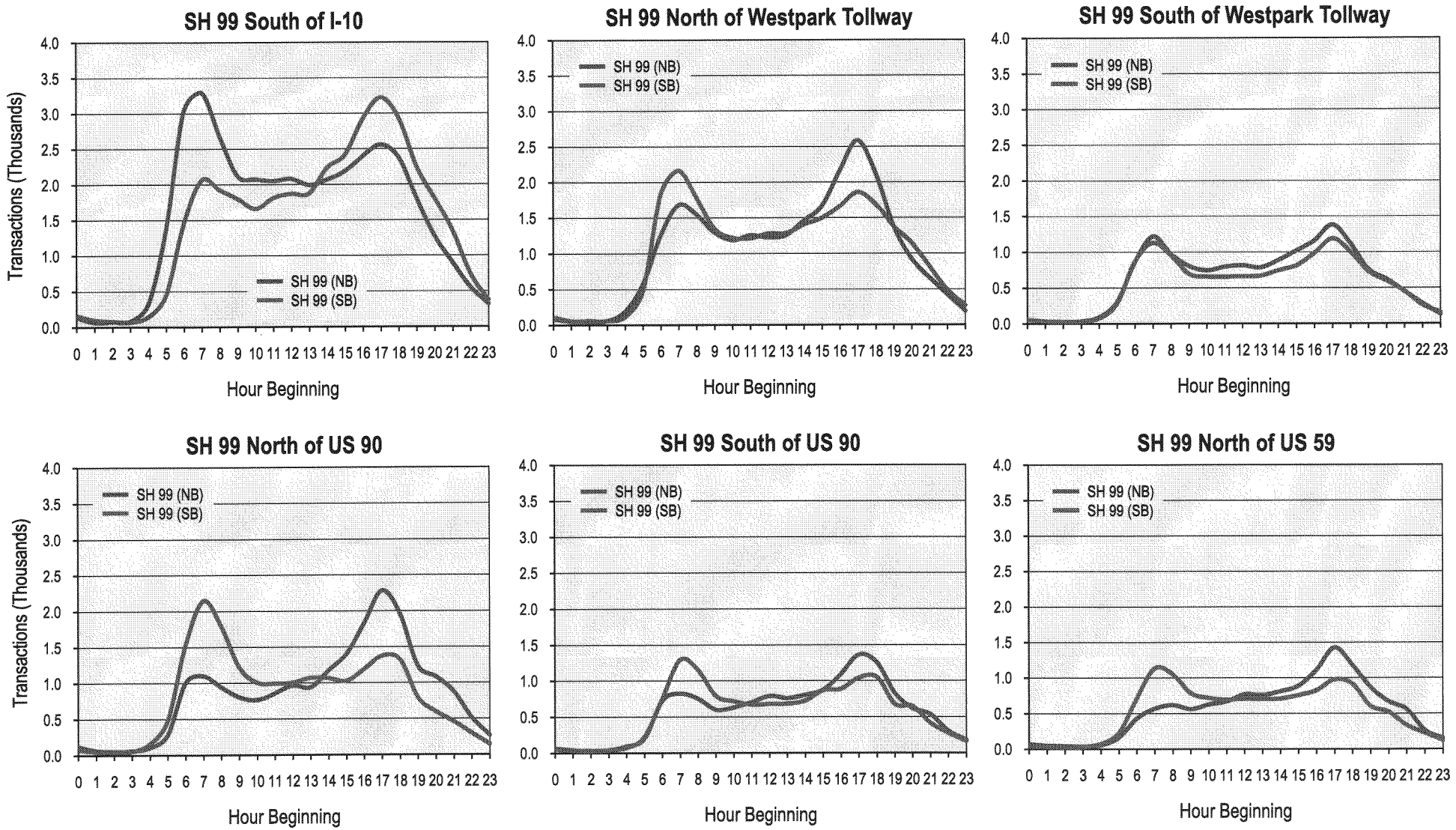








Source: WSA traffic count program fall of 2010.



Source: WSA traffic count program fall of 2010.

WSA collected a large amount of speed data for the existing portion of Grand Parkway Segment D and complementary/competing routes. Information was collected by traveling on the routes under consideration during AM peak (6:30 AM – 8:30 AM) and shoulder hours (8:30 AM – 9:30 AM), Midday (11:00 AM – 2:00 PM) and PM peak (4:30 PM – 6:30 PM) and shoulder periods (3:30 PM – 4:30 PM). GPS units were used to record data continuously during each trip. Since the exact location and time of each vehicle were known for each datum, the travel speeds and delays were known along each route. Speed and delay data was collected during the period of September 14, 2010 (Tuesday) through September 16, 2010 (Thursday).

The studies covered the following key routes in addition to the existing portion of Grand Parkway Segment D. Figure 2-5 shows a map that highlights the routes covered in the speed and delay studies.

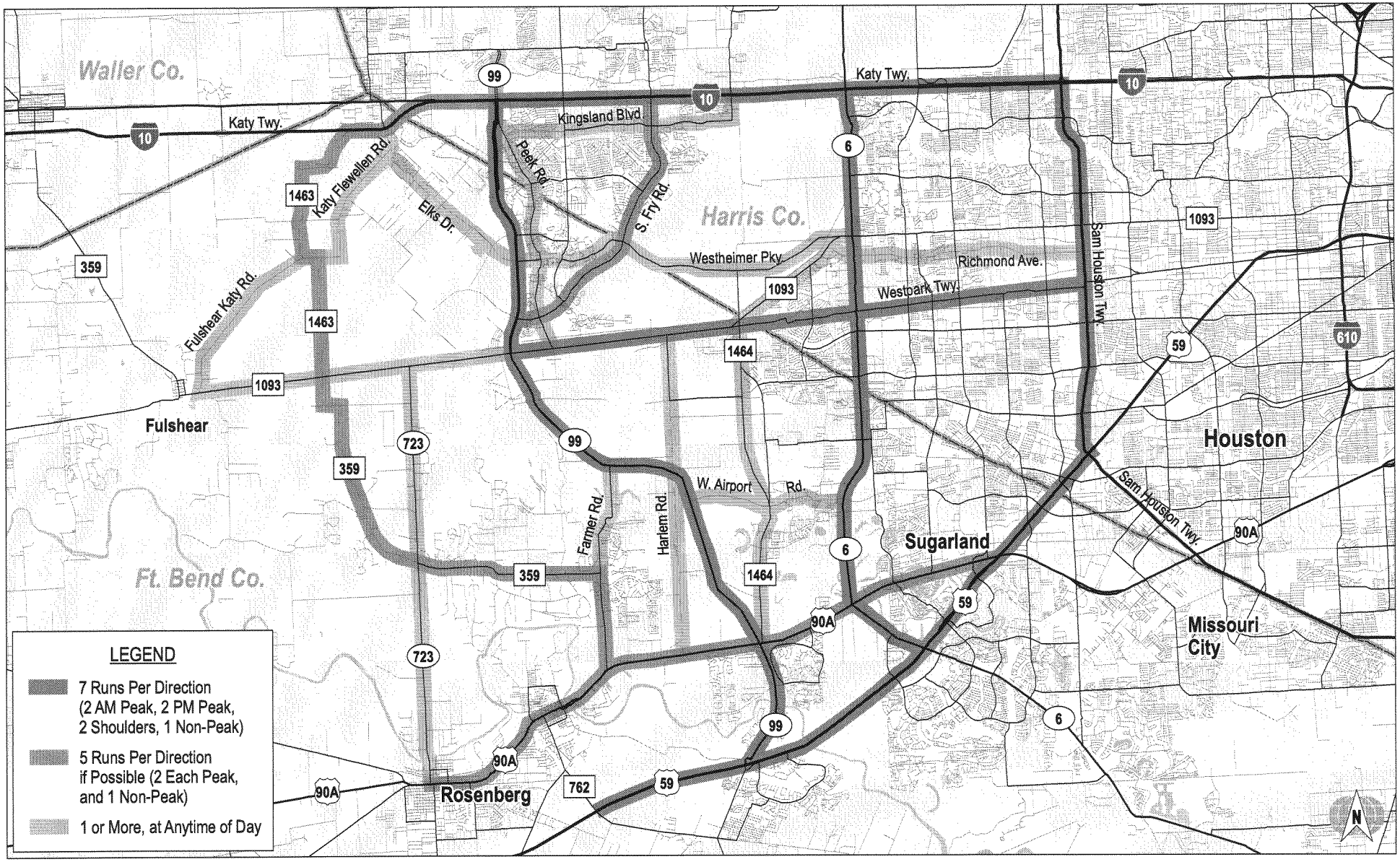
- I.H. 10 between Sam Houston Tollway and west of Grand Parkway;
- Westpark Tollway between Sam Houston Tollway and the town of Fulshear;
- US 90A between US 59 and the city of Rosenberg;
- US 59 between Sam Houston Tollway and FM 762 south of the city of Rosenberg;
- Sam Houston Tollway between IH-10 and US 59;
- SH 6 between IH-10 and US 59;
- South Fry Road between IH-10 and the Grand Parkway; and
- FM 1463 / FM 359 between IH-10 and US 90A.

In parallel to the speed and delay studies, route reconnaissance was conducted to inventory key attributes on the Grand Parkway and major competing/complimentary routes, including number of lanes and posted speeds.

Speed delay runs were made on exactly 100 roadway segments. On sixty-two of these roadway segments, runs were done during the morning and afternoon peak periods as well as during the mid day period. For six of the sixty-two, runs were also done during the morning and afternoon shoulder periods. Table 2-2 shows the locations, directions and average speeds of these runs.

There were three segments with morning peak hour average speeds of less than 20 miles per hour. These were IH-10, eastbound, between the Sam Houston Tollway and State Highway 6; IH-10, eastbound, between State Highway 6 and South Fry Road; and State Highway 6, northbound, between West Park Tollway and IH-10. Also in the morning peak period, there were five segments with average speeds of less than 30 miles per hour. These included segments on US 90A (1), Grand Parkway (1), South Fry Road (2), and West Park Tollway (1).

Q:\104590.FBGPTRA.GP.SegD\Graphics\Arcview\Speed & Delay Survey Routes.mxd\12-7-10



WilburSmith ASSOCIATES

SPEED DELAY SURVEY ROUTE MAP

FIGURE 2-5

Table 2-2
Existing Average Speeds

Route	From	To	Direction	Average Speed (MPH) AM Peak	AM Shoulder	Midday	PM Shoulder	PM Peak
IH-10	Sam Houston Twy	State Hwy 6	EB	16.8	36.8	57.2	55.6	53.7
IH-10	Sam Houston Twy	State Hwy 6	WB	58.6	60.7	61.3	59.0	32.1
IH-10	State Hwy 6	South Fry Road	EB	14.4	67.7	66.4	67.6	68.3
IH-10	State Hwy 6	South Fry Road	WB	65.3	68.8	65.5	64.0	50.8
IH-10	South Fry Road	State Hwy 99	EB	40.1	73.9	65.9	65.6	66.9
IH-10	South Fry Road	State Hwy 99	WB	68.1	68.9	66.3	68.4	63.4
US 59	Sam Houston Twy	US 90A	NB	35.8		50.4		65.0
US 59	Sam Houston Twy	US 90A	SB	70.7		68.2		60.1
US 59	US 90A	State Hwy 6	NB	46.1		68.6		67.1
US 59	US 90A	State Hwy 6	SB	72.2		68.5		66.1
US 59	State Hwy 6	State Hwy 99	NB	68.7		71.6		69.7
US 59	State Hwy 6	State Hwy 99	SB	71.4		69.1		68.8
US 59	State Hwy 99	FM 762	NB	65.2		68.5		67.0
US 59	State Hwy 99	FM 762	SB	66.3		64.7		59.0
US 90A	Sam Houston Twy	US 90A	EB	36.5		40.3		28.7
US 90A	Sam Houston Twy	US 90A	WB	34.7		30.5		27.7
US 90A	US 90A	State Hwy 6	EB	37.2		47.7		35.1
US 90A	US 90A	State Hwy 6	WB	43.7		38.9		30.4
US 90A	State Hwy 6	State Hwy 99	EB	27.6		47.1		43.6
US 90A	State Hwy 6	State Hwy 99	WB	36.5		43.1		47.9
US 90A	State Hwy 99	FM 762	EB	40.8		50.8		48.4
US 90A	State Hwy 99	FM 762	WB	33.5		38.3		40.9
State Hwy 99	IH-10	Westpark Twy	NB	62.5		63.1		61.5
State Hwy 99	IH-10	Westpark Twy	SB	61.1		62.8		63.3
State Hwy 99	Westpark Twy	Morton Road	NB	44.8		52.3		45.7
State Hwy 99	Westpark Twy	Morton Road	SB	45.3		49.2		47.7
State Hwy 99	Morton Road	Harlem Road	NB	44.7		49.6		38.9
State Hwy 99	Morton Road	Harlem Road	SB	23.3		42.4		41.1
State Hwy 99	Harlem Road	US 90A	NB	61.8		51.0		49.0
State Hwy 99	Harlem Road	US 90A	SB	43.3		52.9		52.4
State Hwy 99	US 90A	US 59	NB	32.3		37.7		34.3
State Hwy 99	US 90A	US 59	SB	35.8		29.7		31.7
Sam Houston Twy	IH-10	Westpark Twy	NB	65.5		70.5		54.4
Sam Houston Twy	IH-10	Westpark Twy	SB	66.7		65.9		64.7
Sam Houston Twy	Westpark Twy	US 59	NB	69.5		71.6		66.9
Sam Houston Twy	Westpark Twy	US 59	SB	67.1		63.1		32.8
State Hwy 6	US 59	US 90	NB	47.5		45.9		39.4
State Hwy 6	US 59	US 90	SB	33.7		29.9		29.9
State Hwy 6	US 90	Westpark Twy	NB	38.9		50.4		35.2
State Hwy 6	US 90	Westpark Twy	SB	44.7		46.8		35.2
State Hwy 6	Westpark Twy	IH-10	NB	16.3		43.0		30.6
State Hwy 6	Westpark Twy	IH-10	SB	38.3		45.3		29.2
FM 359	US 90A	Farmer Road	NB	36.9		34.6		18.1
FM 359	US 90A	Farmer Road	SB	37.5		33.4		27.8
FM 359	Farmer Road	FM 723	NB	41.1		45.2		46.2
FM 359	Farmer Road	FM 723	SB	40.2		47.9		44.4
FM 359	FM 723	FM 1093	NB	48.4		56.7		52.3
FM 359	FM 723	FM 1093	SB	53.0		49.6		52.7
IH-10 & FM 1643	State Hwy 99	FM 1463	NB	59.5		54.9		64.3
IH-10 & FM 1643	State Hwy 99	FM 1463	SB	48.9		58.2		59.9
IH-10 & FM 1643	IH-10	Fulshear Katy	NB	46.3		42.0		48.0
IH-10 & FM 1643	IH-10	Fulshear Katy	SB	48.5		52.4		49.8
IH-10 & FM 1643	Fulshear Katy	FM 1093	NB	54.9		61.6		55.8
IH-10 & FM 1643	Fulshear Katy	FM 1093	SB	50.9		56.3		53.3
South Fry Road	State Hwy 99	Westheimer Pkwy	NB	28.5		30.8		32.0
South Fry Road	State Hwy 99	Westheimer Pkwy	SB	32.0		28.1		26.4
South Fry Road	Westheimer Pkwy	IH-10	NB	20.7		24.9		24.1
South Fry Road	Westheimer Pkwy	IH-10	SB	30.1		31.5		23.0
Westpark Twy	Sam Houston Twy	State Hwy 6	EB	25.4		65.7		68.4
Westpark Twy	Sam Houston Twy	State Hwy 6	WB	64.5		69.7		59.5
Westpark Twy	State Hwy 6	State Hwy 99	EB	34.8		70.5		71.9
Westpark Twy	State Hwy 6	State Hwy 99	WB	64.9		69.9		70.2

During the afternoon peak period, there was one segment with an average speed less than 20 miles per hour. This was on FM 359, northbound, between US 90A and Farmer Road. Segments under 30 miles per hour numbered eight and included segments on US 90A (2), State Highway 6 (2), FM 359 (1), and South Fry Road (3).

Midday average speeds were, in general, higher than the peak period speeds. There were no average speeds under 20 miles per hour recorded in the survey during this time. There were four segments with average speeds less than 30 miles per hour. These included segments on Grand Parkway (1), State Highway 6 (1), and South Fry Road (2).

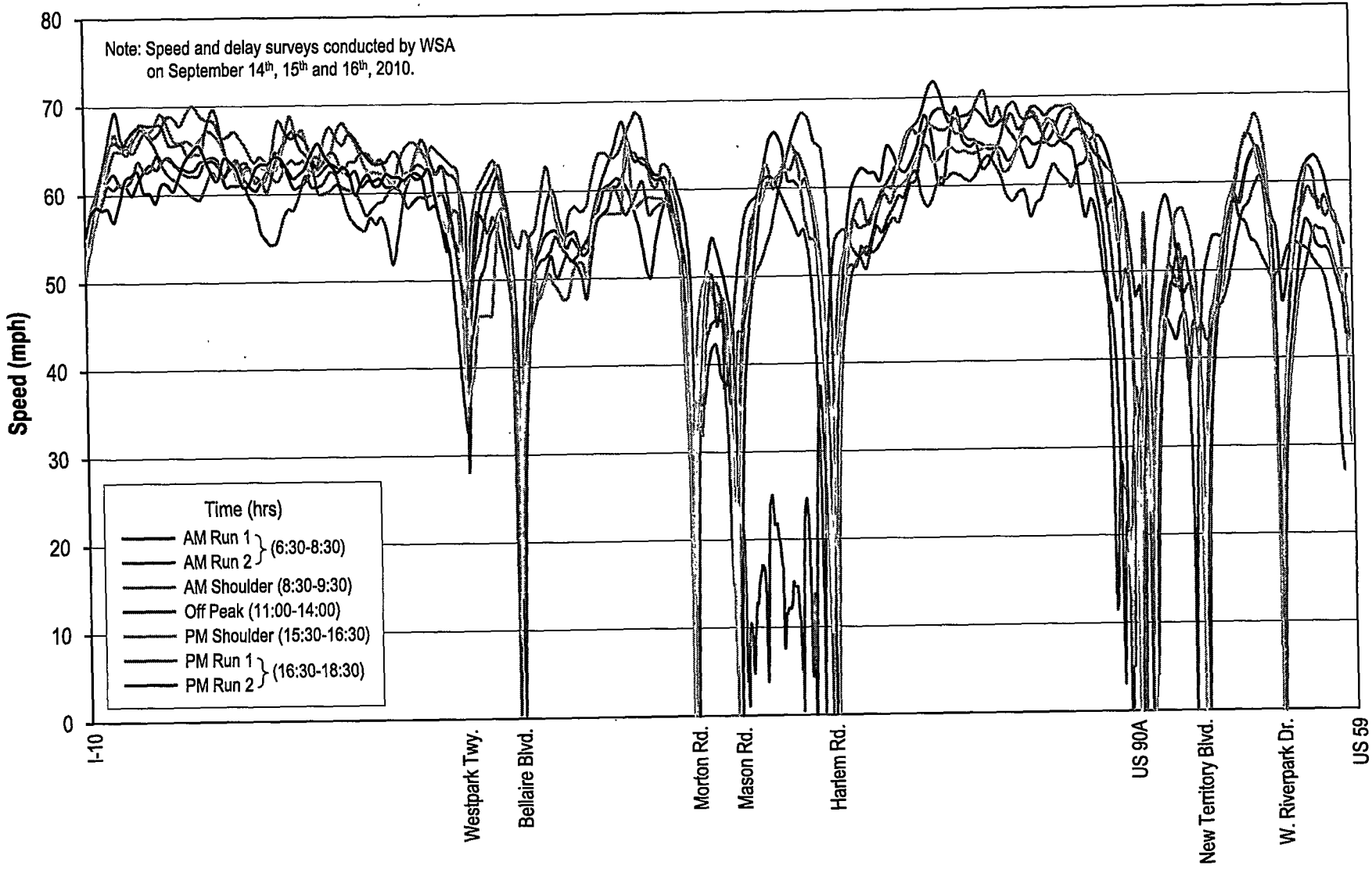
Average speeds on the six segments that were run during the morning and afternoon shoulder periods were, with one exception, all over 55 miles per hour. Five of the six morning shoulder runs had average speeds of over 60 miles per hour. Four of six had average speeds of over 60 miles per hour in the afternoon shoulder hours.

Of the 38 segments where only midday speed and delay runs were made (Table 2-3), there were none with average speeds less than 20 miles per hour and eight with average speeds less than 30 miles per hour, including segments on Kingsland Boulevard (3), Peek Road (1), Richmond Avenue (1), West Airport (2), and Westheimer Parkway (1).

Figure 2-6 is the Speed Profile for Grand Parkway (SH 99), southbound, from IH-10 to US 59. Speeds were generally in the 60-70 mile-per-hour band until the approach to West Park Tollway. Close to West Park speeds drop to the mid and low 30 miles per hour for the morning, afternoon and off peak periods. Between West Park and Bellaire Boulevard, speeds increase the low 60's for both peaks and then fall again as they approach Bellaire Boulevard. At Bellaire, there is stop-and-go conditions during both AM and PM peaks and the off peak falls below 20 miles per hour.

Speeds increase to between 50 and 70 mile per hour between Bellaire and Morton Road, where there is another slowdown to stop-and-go during both AM and PM peaks. The off peak traffic slows to about 32 miles per hour at this point.

Between Morton Road and Mason Road traffic speeds increase to the 40-50 mile-per-hour band before slowing again near Mason Road. AM peak and shoulder traffic slows to stop-and-go at Mason Road and the PM shoulder traffic drops to about 5 miles per hour. PM peak and off peak traffic only slow down to 35-37 miles per hour at Mason Road.



OBSERVED SPEED PROFILE ON SH 99 SOUTHBOUND

FIGURE 2-6

Table 2-3
Existing Average Midday Speeds

Route	From	To	Direction	Average Speed (MPH) Midday
FM 1093	State Hwy 6	Westpark Twy	WB	35.7
FM 1464	State Hwy 99	West Airport	NB	36.6
FM 1464	State Hwy 99	West Airport	SB	41.2
FM 1464	West Airport	FM 1093	NB	37.5
FM 1464	West Airport	FM 1093	SB	43.0
Farmer/Mason Rd	FM 359	Skinner Lane	NB	47.2
Farmer/Mason Rd	Skinner Lane	State Hwy 99	NB	32.0
Katy Flewellen	IH-10	FM 359	NB	32.8
Katy Flewellen	IH-10	FM 359	SB	32.7
Fulshear Katy	FM 1463	FM 1093	NB	32.2
Fulshear Katy	FM 1463	FM 1093	SB	30.3
Harlem Road	US 90A	State Hwy 99	NB	35.7
Harlem Road	US 90A	State Hwy 99	SB	40.7
Harlem Road	State Hwy 99	FM 1093	NB	40.5
Harlem Road	State Hwy 99	FM 1093	SB	34.8
Kingsland Blvd	State Hwy 99	South Mason Rd	EB	28.9
Kingsland Blvd	State Hwy 99	South Mason Rd	WB	33.4
Kingsland Blvd	South Mason Rd	South Fry Road	EB	28.8
Kingsland Blvd	South Mason Rd	South Fry Road	WB	21.4
Kingsland Blvd	South Fry Road	IH-10	EB	34.6
Kingsland Blvd	South Fry Road	IH-10	WB	33.9
Peek Road	IH-10	Franz Road	NB	37.8
Peek Road	IH-10	Franz Road	SB	48.2
Peek Road	Westheimer Pkwy	State Hwy 99	NB	27.7
Peek Road	Westheimer Pkwy	State Hwy 99	SB	33.9
Peek Road	Westpark Twy	Westheimer Pkwy	NB	32.9
Peek Road	Westpark Twy	Westheimer Pkwy	SB	33.9
Richmond Ave	State Hwy 6	Sam Houston Twy	EB	20.7
W. Airport	State Hwy 6	FM 1464	EB	24.6
W. Airport	State Hwy 6	FM 1464	WB	22.5
W. Airport	FM 1464	State Hwy 99	EB	39.5
W. Airport	FM 1464	State Hwy 99	WB	35.2
Westheimer Pkwy	State Hwy 99	South Fry Road	EB	23.3
Westheimer Pkwy	South Fry Road	Barker Cypress	EB	48.7
Westpark Twy	State Hwy 99	FM 1464/FM 359	EB	49.3
Westpark Twy	State Hwy 99	FM 1464/FM 359	WB	40.4
Westpark Twy	FM 1464/FM 359	Fulshear Katy	EB	44.9
Westpark Twy	FM 1464/FM 359	Fulshear Katy	WB	37.5

Between Mason Road and Harlem Road, AM peak traffic from Run 1 does get above 25 miles per hour. At all other time periods, traffic quickly increases to speeds over 60 miles per hour before dropping again as it nears Harlem Road. It's stop-and-go until passing Harlem Road where speeds quickly jump to the 50-60 mile-per-hour band and gradually increase into the 60-70 mile-per-hour zone. Speeds remain high until the approach to US 90A where they fall into the 0-10 mile-per-hour range. AM, PM, and off peak traffic falls all the way into stop-and-go conditions. Speeds again pick up into the 40-50 mile-per-hour band until New Territory Boulevard. Traffic in the AM peak, PM shoulder, and off peak are stopped. During the other time periods, vehicles go by New Territory Blvd in the 40-50 mile-per-hour band. Speeds then increase to over 60 miles per hour to West Riverpark Drive. At that point, in the afternoon peak, stoppages occur, while the other vehicles operate in the 50-60 mile-per-hour range and higher until the approach to US 59.

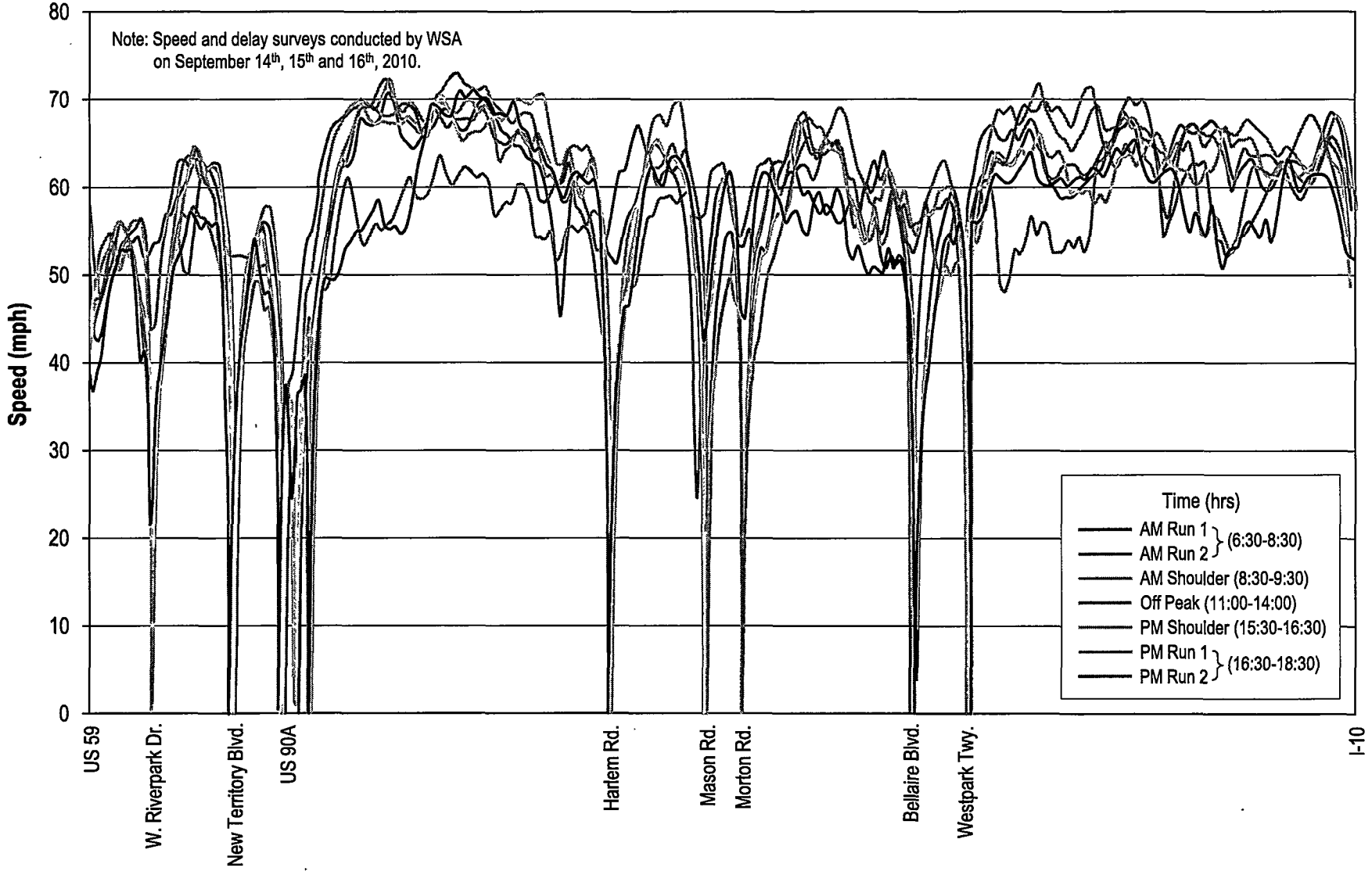
Traffic signals at the major intersections of State Highway 99 cause speed reductions and stoppages along the roadway. Recovery to highway speeds occurs relatively quickly, except for one instance for the short distance between Mason Road and Harlem Road in the AM peak when speeds did not increase any higher than 25 miles per hour.

Figure 2-7 shows the speed profile on Grand Parkway (SH 99), northbound, from US 59 to IH-10. Similar to the southbound profile, traffic seems to move in the 50-70 mile-per-hour range between intersections. In the northbound direction there are less stoppages in the morning and off peak periods. Stoppages due to the traffic signals are more frequent during the afternoon peak period. There are stoppages during both AM and PM peaks at the intersections of New Territory Boulevard, US 90A and Bellaire Boulevard.

EXISTING SITUATION, KEY FINDINGS

A number of key conclusions can be drawn from the existing traffic profile and speed-delay data:

- There are large traffic volumes on Segment D north of Westpark Tollway consistent with the more significant growth of residential and retail developments facilitated by free-flow mainline overpasses;
- Traffic is significantly lower south of Westpark where development growth has not yet occurred and signalized interchanges are restricting mobility compared to its potential; and
- A significant probability of delay occurs at the seven signalized interchanges south of Westpark Tollway. The probability and duration of delay at traffic signals will deteriorate as local traffic increases.



WilburSmith ASSOCIATES

OBSERVED SPEED PROFILE ON SH 99 NORTHBOUND

FIGURE 2-7

CHAPTER 3

TRAVEL PATTERN SURVEYS

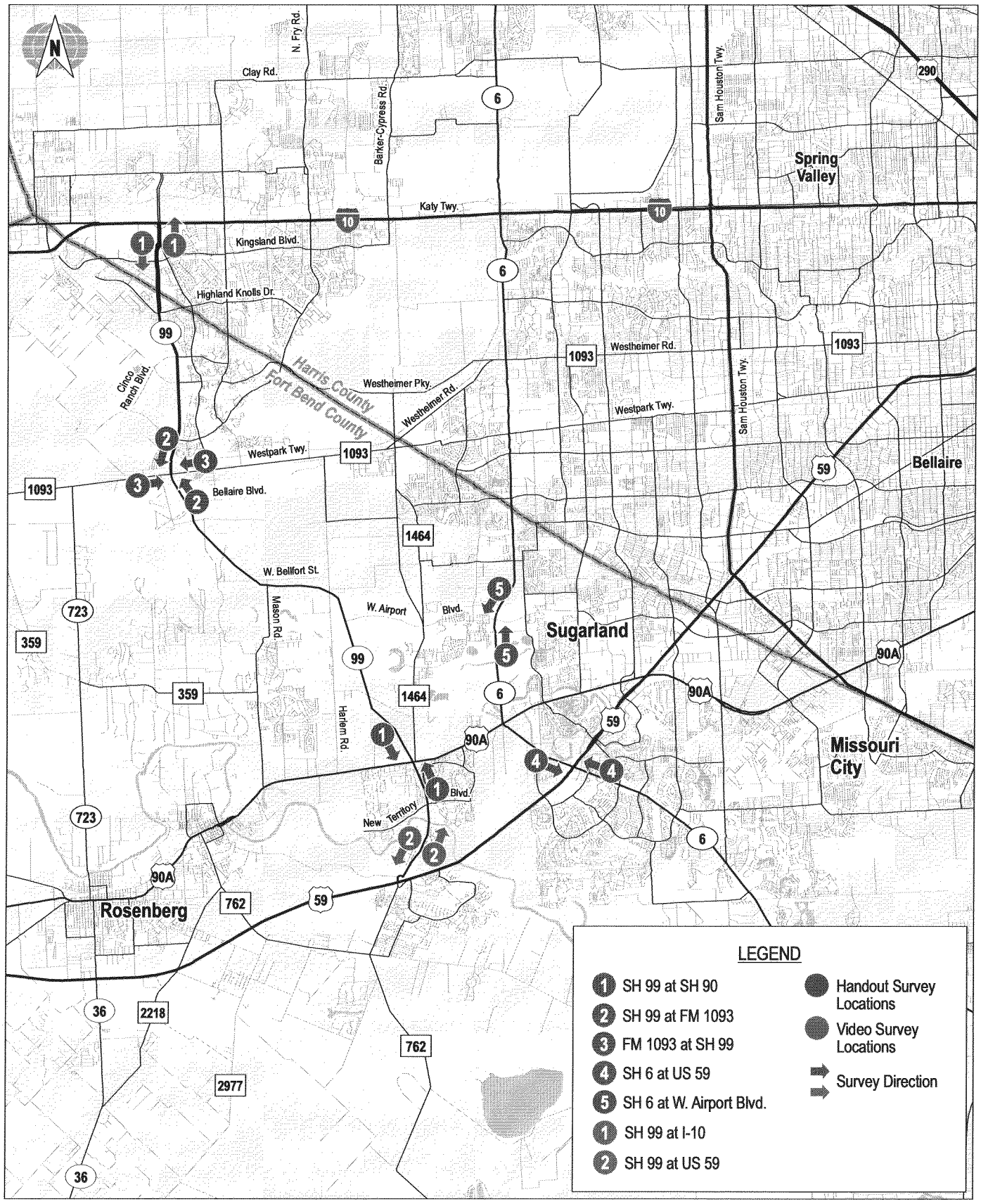
In order to understand the travel patterns and characteristics of motorists in the west Houston region, origin and destination (O-D) surveys of the facility's patrons were conducted. The origin-destination surveys were completed in late August 2010 using a combination of handout/mailback surveys and video license plate surveys of the motorists on existing Segment D. These surveys were also accompanied by a traffic counting program at each survey sites, to be used for factoring survey samples, so that the data could be used as input into the modeling future travel demand.

Several locations were identified on the existing Segment D corridor and its vicinity to capture license plates using video cameras and to hand out survey cards to drivers. Figure 3-1 is a map of the survey area showing where the video captures took place, where the mailback handouts were given out, and where automatic traffic volume counts were recorded.

Handout/mailback respondents were requested to report a trip made on the day they received the survey card. However, video respondents were asked about a "recent" trip rather than the one representing the day that the vehicle was seen. For this survey, three additional questions were asked. Information was gathered on the time period during which the trip was made, the direction that the vehicle was traveling while using the Grand Parkway for the reported trip, and the weekday their described trip was made.

As mentioned above, a series of questions were asked in the origin-destination survey relating to trip characteristics of the commuters. Table 3-1 lists the data elements of the origin-destination surveys, along with the purpose(s) for collecting each data element.

The origin-destination surveys were designed to provide detailed information on important characteristics of the drivers, in addition to their origins and destinations. These characteristics included information relating to residence, trip purpose, time of trip, trip frequency, vehicle occupancy, and usage of EZ Tag. The question on having an EZ TAG was aimed to grasp the existing sample of potential users of the proposed Grand parkway facility, since it will be operated as an ETC-Only facility, without toll plazas,



WilburSmith ASSOCIATES

ORIGIN-DESTINATION SURVEY LOCATIONS

FIGURE 3-1

toll booths or toll collectors. Respondents were also asked to provide their email address, if they wished to participate in a follow-up survey. This follow-up survey was a stated preference survey, designed to obtain further information from drivers about their attitudes concerning tolls and toll roads. The stated preference survey is presented in the following chapter.

Table 3-1
Data Elements of Origin-Destination Survey

Data Element	Purpose of collection
Origin Address	Shows where the trip began
Destination Address	Shows where the trip terminated
Time period*	Shows when the trip was made
Direction*	Shows the direction of travel on Grand Parkway
Day of trip*	Shows the weekday on which the trip was made
Trip Purpose	Provides the reason for the trip
Days Per Week Trip is Made	Provides trip frequency
Vehicle Type	Indicates passenger car or commercial vehicle
Number of People in the Vehicle	Collect data on carpooling
Ownership of an EZ TAG	Sample of potential users of the proposed corridor
Zip of Residence	Rough location of local users
Email Address	For follow-up survey on stated preferences (optional)

*questions specific to the mailback survey form

VIDEO LICENSE PLATE SURVEY

Video surveys were conducted at two locations along Grand Parkway between IH-10 and US 59. One location, at the northern end of the segment was north of Affinity Drive. The other location, at the southern end of the segment was between River Falls Drive and Riverpark Drive. Video cameras were mounted on both tripods and telescoping masts. There was one camera facing southbound vehicles and one camera facing northbound vehicles, at each of the two locations. Forty-eight hours automatic recording tube counts were done in conjunction with the license plate video, to obtain data to be used in expanding the 12-hour video sample. The video recording of license plates was done on August 24th and 25th, 2010.

Table 3-2 shows the distribution of the license plate survey. During the 12 hours of video recording, over 44,000 license plates were captured. These were processed and duplicate plates were removed leaving 25,853 plates. With the cooperation of Harris County Toll Road Authority these were reviewed and then forwarded to a local printer, Questmark. After these reviews, there were approximately 21,000 identified license plates with registered names and addresses. Mailback survey cards were then sent to all of the registered owners identified. After a period of five weeks, 1,450 forms had been returned.

Table 3-2
Video Survey Locations and Schedule

Location No.	Route/Site	Location	Survey Direction	Survey Type	Survey Dates	Average 2-Day 24hr Traffic Traffic Count	Average 2-Day Traffic Counts Survey Hours	Video Captured	Video w/ Duplicates Removed	Video Filtered HCTRA	Video Filtered Questmark	Cards Returned	Valid Cards Used
1	SH 99	at I-10	NB	Video	8/24 & 8/25	35,320	25,865	15,264	4,230	N/A	N/A	N/A	543
2	SH 99	at I-10	SB	Video	8/24 & 8/25	37,198	26,783	16,542	12,237	N/A	N/A	N/A	296
3	SH 99	at US 59	NB	Video	8/24 & 8/25	11,971	8,554	7,737	5,728	N/A	N/A	N/A	112
4	SH 99	at US 59	SB	Video	8/24 & 8/25	11,462	8,637	4,895	3,658	N/A	N/A	N/A	113
				Totals		**95,951**	**69,839**	**44,438**	**25,853**	**22,654**	**21,000**	**1,450**	**1,064**

Note: Average counts include Trucks

Figure 3-2 is a copy of the instruction/address side of the mailback survey card. Figure 3-3 is the side with the survey questions. Respondents were asked to think about a trip they recently made on Grand Parkway. They were asked the time, day of the week and direction of the trip. The address or location of the beginning and end of the trip was requested. Also asked was the purpose of the trip, the type of vehicle, the number of people in the vehicle during the trip, and how often the particular trip was made. The respondents were asked if they had an EZ Tag. As an incentive to fill our and return the survey card, if the name and address was filled in the appropriate box, they would be entered into a drawing for a $150 prize. If a respondent wanted to participate in a further survey, they could fill in their e-mail address and they would receive a link to a more comprehensive on-line survey.

Of the 1,450 cards returned, 1,064 or 73 percent, were fully usable. Some were not 100 percent completed, others contained contradictory information or information that was not relevant to this survey. The data from the usable mailback surveys were summarized and shown on Table 3-3.

Virtually all the reported trips were from autos (99.3 percent). Commercial vehicles were less than one percent. There was a relatively large EZ Tag penetration with 87.6 percent reporting that they had tags or access to tags. Vehicle Type and EZ Tag penetration are shown on Figure 3-4.

Figure 3-5 shows the Trip Frequency, Trip Purpose and Vehicle Occupancy from the Video Mailout Survey. The majority of trips were presumably commuters since 54.2 percent said that they made their trip four or more times per week. Another 14.3 percent indicated they made the trip 2 to 3 times per week and 8 percent said once a week. Only 23.4 percent made the trip one to three times per month or less. The reported trip purpose for the majority of the respondents (51 percent) was "to or from Work". Fifteen percent said their trip was for Personal Business and a little over 9 percent indicated that they had been Shopping. The remaining 24 percent was divided among Company Business (8.7 percent), Social Event/Visit (7.0 percent), Recreation (5.2 percent), and to or from School (3.6 percent). Average vehicle occupancy was calculated at 1.45 persons per vehicle. Over 68 percent of the trips on the returned surveys were driver-only trips. A little over 22 percent had one passenger. Vehicles carrying three or more persons were less than 10 percent of the total.

As shown on Figure 3-6, most of the trips reported took place on either Monday (26.9 percent) or Friday (28.2 percent. Tuesday trips were 14.8 percent, Wednesday was 13.0 percent, and Thursday, 17.2 percent. Most of the trips were during the morning peak period (46.7 percent). The Midday was next with 27.8 percent, followed by the afternoon peak at 22.4 percent. Night trips were only 3.1 percent. Most of the trips were in the northbound direction (60.5 percent).

TRAVEL PATTERN SURVEY - 2010

Dear Motorist:

The Fort Bend Grand Parkway Toll Road Authority (FBGPTRA) is working to improve the motorist's driving experience west Houston region. FBGPTRA is conducting a travel pattern and trip characteristic survey to learn more about regional travel demand. The information will help to plan future improvements in the west Houston region.

You were randomly selected to participate in this brief survey. Your answers will remain anonymous and will be used for planning purposes only. If you have a few moments, please think about your most recent trip made on a weekday (Monday - Friday) that included your trip in the west Houston region, specifically a trip made using the Grand Parkway (SH 99). Please answer all the questions on the survey, detach the form, and drop in the mail. No postage is necessary.

Your participation in completing the survey qualifies you to win a chance to receive one of three Visa gift cards of $150 pre-paid. By completing the survey **in its entirety** and providing your name and address in the space provided on the questionnaire, you will qualify to be eligible for the Visa gift card drawing.

We will also be conducting a supplemental Internet-based survey of transportation options to include new tolled overpasses on the Grand Parkway. If you are interested in completing this survey, please provide your email address in the space provided on the questionnaire. Your feedback in the follow-up Internet survey is **OPTIONAL** but would be greatly appreciated.

FBGPTRA thanks you for taking the time to provide us with your comments related to your driving experience. This survey is an essential part of our customer service outreach and we value your feedback.

Thank you.

NO POSTAGE NECESSARY IF MAILED IN THE UNITED STATES

BUSINESS REPLY MAIL
FIRST-CLASS MAIL PERMIT NO 819 HOUSTON TX
POSTAGE WILL BE PAID BY ADDRESSEE

WILBUR SMITH ASSOCIATES
PO BOX 421289
HOUSTON TX 77242-9946

Dear Motorist:
When responding to this survey, please think about the **most recent one-way** trip you made on a weekday (Monday through Friday) that included your trip in the west Houston region using the Grand Parkway (SH 99).

A. Please indicate the **time period** in which you began this one-way trip. (Circle one)
1. 6:00 am to 9:00 am **2.** 9:00 am to 3:00 pm **3.** 3:00 pm to 7:00 pm **4.** 7:00 pm to 6:00 am

B. What was your **direction** of travel on the Grand Parkway? (Circle one) **1.** Northbound **2.** Southbound

C. Please indicate the **day** this one-way trip was made. (Circle one)
1. Monday **2.** Tuesday **3.** Wednesday **4.** Thursday **5.** Friday

D. Where did you **begin** this weekday trip (in the direction indicated in Question B)? Please be as specific as possible. If you do not know the street address, please identify the nearest intersection, shopping area, subdivision, etc.

Street Address, nearest intersection or location

City or town State Zip Code (if known)

E. Where did this weekday trip **end** (in the same direction as Question D)? Please be as specific as possible. If you do not know the street address, please identify the nearest intersection, shopping area, subdivision, etc.
Response should be different to Question D. Please do not describe a round trip such as home to work and then home. Please describe the trip only in the direction you were going when you received this card.

Street Address, nearest intersection or location

City or town State Zip Code (if known)

F. What is the zip code of your primary **residence**?

G. Please indicate the **main purpose** of your one-way trip. (Circle one)
1. To or from work **2.** Company business **3.** School **4.** Shopping **5.** Recreation **6.** Social event and/or visit **7.** Other personal business

H. Please identify the **type of vehicle** you were driving. (Circle one)
1. 2-axle, 4-tire Passenger Car, SUV or Pickup Truck **2.** 2-axle, 6-tire Truck **3.** 3-axle Truck **4.** 4-axle Truck **5.** Truck with 5 or More Axles **6.** Motorcycle

I. Do you, or others in your immediate household, currently have an EZ TAG or other electronic tag useable in Texas? (Circle one) **1.** Yes **2.** No

J. How many **people**, including yourself and any children, were in your vehicle? (Circle one)
1 **2** **3** **4** **5** **6 or more**

K. How **often** do you make this one-way trip? (Circle one)
1. 4 or more times per week **2.** 2 or 3 times per week **3.** Once per week **4.** 1 to 3 times per month **5.** Less than once per month but more than twice per year

L. By completing the survey in its entirety and providing your **name and address** in the space provided below, early respondents qualify to participate in a $150 pre-paid Visa gift card drawing. **(OPTIONAL)**

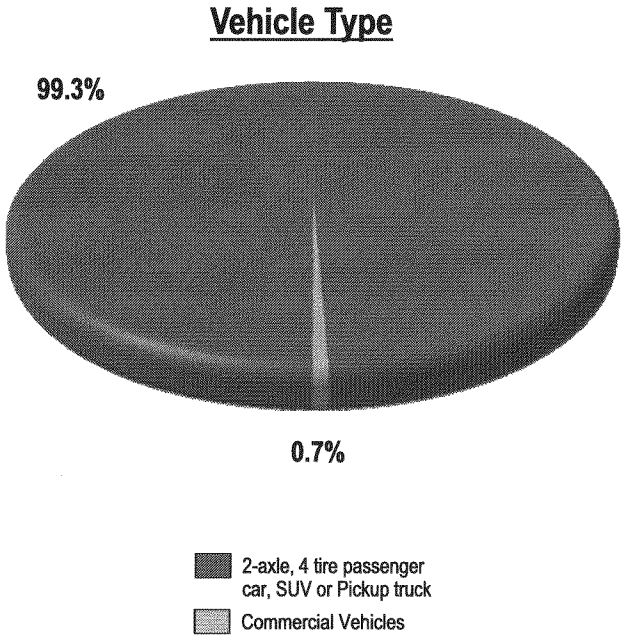
M. If you would like to participate in the supplemental follow-up Internet survey, please supply your **email** address.
Email Address **(OPTIONAL)**

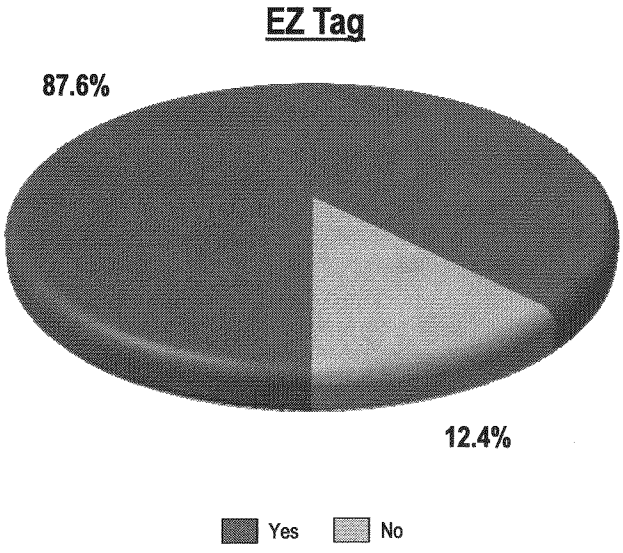
This space is for office use only. Please do not write in this space.	A	B	C	F	G	H	I	J	K	L	M

WilburSmith ASSOCIATES

VIDEO MAILOUT SURVEY FORM

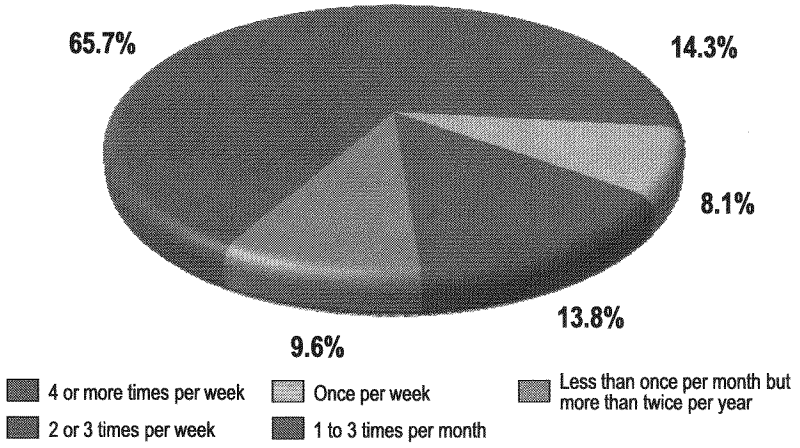
FIGURE 3-3



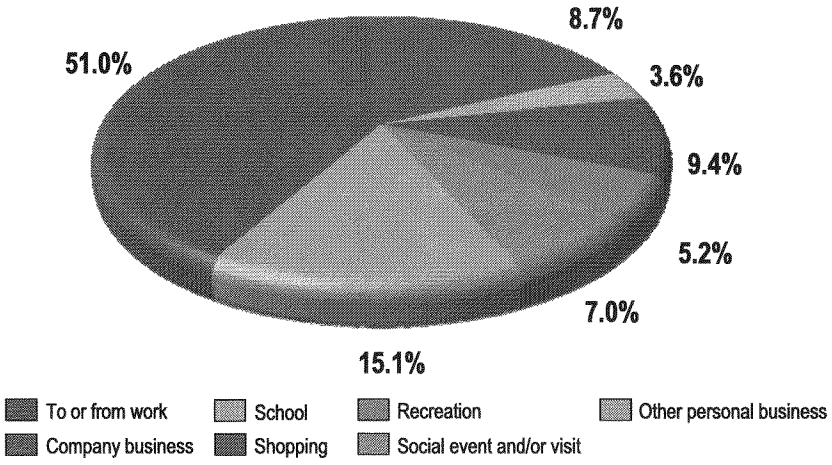


Note: Data summaries produced from a total of 1,383 valid handout survey returns.

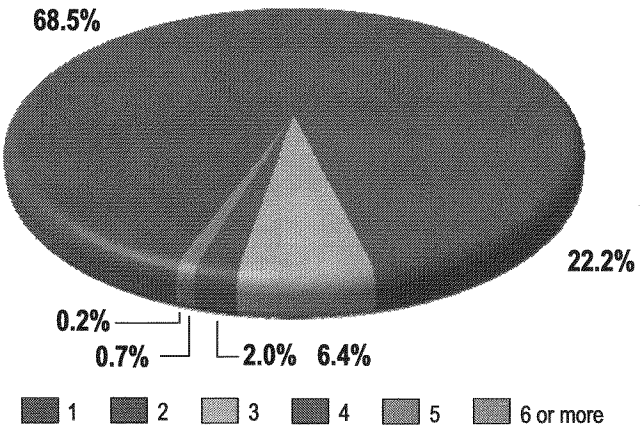
Trip Frequency



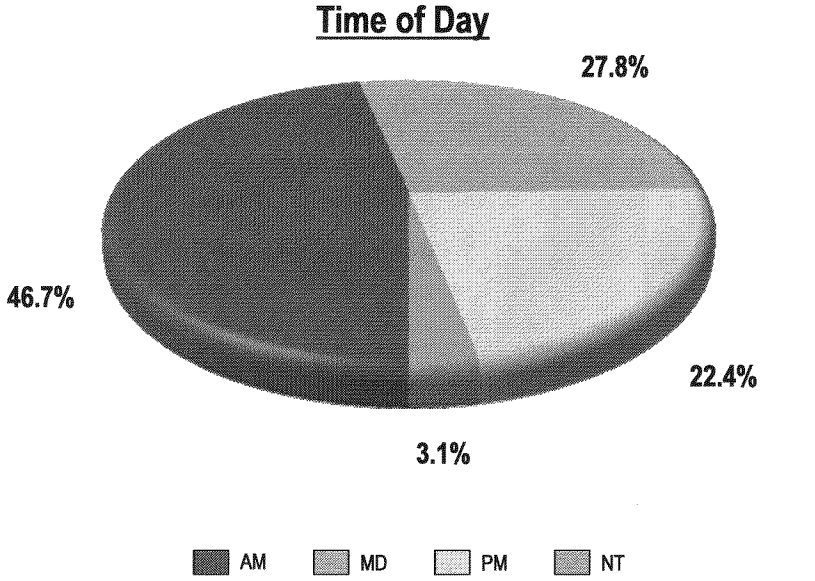
Trip Purpose

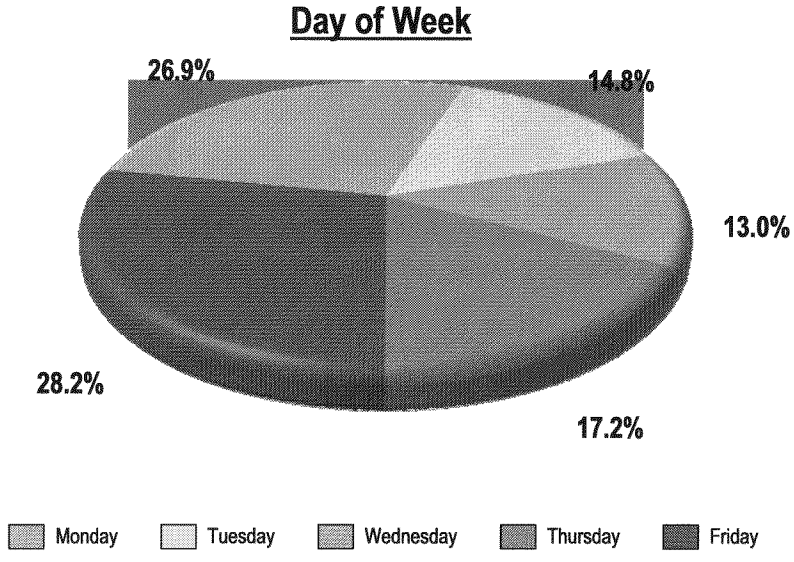


Vehicle Occupancy



Note: Data summaries produced from a total of 1,383 valid handout survey returns.





Note: Data summaries produced from a total of 1,383 valid handout survey returns.

Table 3-3
Video Survey Tabulations

Trip Purpose			Direction of Travel			Time of Day			Day of Week		
Work	543	51.0%	Eastbound	418	39.5%	AM	497	46.7%	Monday	286	26.9%
Personal Business	161	15.1%	Northbound	640	60.5%	MD	296	27.8%	Tuesday	157	14.8%
Shopping	100	9.4%				PM	238	22.4%	Wednesday	138	13.0%
Company Business	93	8.7%				NT	33	3.1%	Thursday	183	17.2%
Social Ev./Visit	74	7.0%							Friday	300	28.2%
Recreation	55	5.2%									
School	38	3.6%									
	1064	100.0%		1058	100.0%		1064	100.0%		1064	100.0%

Occupancy			E-Z Tag			Vehicle Type			Trip Frequency		
Driver Only	728	68.4%	Yes	932	87.6%	Truck	7	0.7%	4+ per week	575	54.2%
2 Occupants	236	22.2%	No	132	12.4%	Auto	1057	99.3%	2-3 per week	152	14.3%
3 Occupants	68	6.4%							Once/week	86	8.1%
4 Occupants	23	2.2%							1-3 per mo.	146	13.8%
5 Occupants	7	0.7%							less than 1/mo.	102	9.6%
6 Occupants	2	0.2%									
Av. Occupancy =		1.45									
	1064	100.0%		1064	100.0%		1064	100.0%		1061	100.0%

HANDOUT SURVEY

Handout survey cards were distributed at six locations on SH 99, FM 1093, and SH 6. The handout format was designed to intercept motorists at six arterial survey locations. These were:

1. State Highway 99 at State Road 90 in the northbound and southbound directions;
2. State Highway 99 at FM 1093 in the northbound and southbound directions;
3. FM 1093 at State Highway 99 in the eastbound and westbound directions;
4. State Highway 6 at US 59 in the northbound and southbound directions;
5. State Highway 6 at West Airport Boulevard in the northbound and southbound directions; and
6. State Highway 6 at Westheimer Parkway in the northbound and southbound directions.

Survey sites were set up at S.H. 99 off ramps and at the selected intersection locations listed above. TRAFFIC SURVEY AHEAD warning signs were positioned, along the approach to the intersection, advising motorist of the survey operation ahead. When the traffic signals turned red, survey personnel passed among the stopped vehicles and

distributed the postage-paid, pre-addressed mailback survey questionnaires. When the traffic signals turned green, survey personnel would exit the intersections and motorists would move along unimpeded. The survey personnel would request the drivers to complete the form and return it via regular mail as soon as possible.

Figure 3-7 is a copy of the handout survey card. The respondents were asked to record the location of the beginning of the trip they were on when they got the handout card and the location of the end of the trip. They were also asked the purpose of the trip, the type of their vehicle, the number of people in the vehicle and the number of times they regularly took that trip, as well as whether they had an EZ Tag. If they wrote in their name and address they would be eligible for the drawing for the $150 prize and if they wrote in their e-mail address they could participate in a further survey (Stated Preference).

Table 3-4 shows the locations and distributions for the handout survey. A total of slightly over 14,000 survey cards were handed out. Returns totaled 1,605 or 11.4 percent. Of these, 222 surveys were unusable. The 1,383 valid forms represent a 9.8 percent sample of the total number of survey cards distributed. This is slightly over 1.0 percent of the total estimated 2008 Average Daily Traffic (ADT) at the six locations.

Figure 3-8 shows the vehicle types and percent EZ Tag from the returned handout surveys. Almost all the returned survey cards (98.8 percent) were from drivers who were traveling in autos, sport utility vehicles, or pick-up trucks with four tires. Almost 1 percent (0.7 percent) were from pick-up trucks with six tires. Returns from motorcycles were 0.3 percent and trucks with four or more axles made up another 0.2 percent. A large percentage of drivers surveyed had EZ Tags. The EZ Tag users were 83.0 percent of all survey cards returned.

As illustrated on Figure 3-9, the majority of the vehicles (70.8 percent) had only a single occupant, the driver. There were 18.7 percent of the vehicles with 2 occupants, 6.9 percent with three occupants, and 3.6 had 4 or more occupants. There were a variety of trip purposes but to or from work was the highest percentage at 55.5 percent. The second and third highest purposes were personal business and shopping, at 13.4 percent and 11.2 percent, respectively. None of the other four purposes, company business, school, recreation, and social event was more than 7 percent of the total.

The majority of the trips (65.7 percent) were made four or more times per week. This was not surprising considering that the over 55 percent of the response indicated their trip purpose as "work".

Travel Pattern Survey – 2010

Dear Motorist:

The Fort Bend Grand Parkway Toll Road Authority (FBGPTRA) is conducting a survey of motorists in the west Houston region to better understand your driving experience and your response to future improvements. FBGPTRA is requesting your assistance by asking for information about the **one-way** trip that you made today using the Grand Parkway (SH 99). Please complete the questionnaire and drop it into the mail at your earliest convenience. Postage is pre-paid. Early returns will be entered in a drawing for three chances to win a Visa gift card. All information is confidential and will only be used for planning purposes. This survey is an essential part of our customer service outreach and we value your feedback.

6 7 8 9 10 11

A. Where did you **start** your trip today? Please be as specific as possible.
If you do not know the street address, please identify the nearest intersection, shopping area, subdivision, etc.

_ _

Street Address, nearest intersection or location

_ _

City or town State Zip Code (if known)

B. Where did you **end** this trip today? Please be as specific as possible.
If you do not know the street address, please identify the nearest intersection, shopping area, subdivision, etc.
Response should be different to Question A. Please do not describe a round trip such as home to work and then home. Please describe the trip only in the direction you were going when you received this card.

_ _

Street Address, nearest intersection or location

_ _

City or town State Zip Code (if known)

12 C. What is the zip code of your primary **residence**? _

13 D. Please indicate the **main purpose** of your one-way trip. (Circle one)

1. To or from work **2.** Company business **3.** School **4.** Shopping **5.** Recreation **6.** Social event and/or visit **7.** Other personal business

14 E. Please identify the **type of vehicle** you were driving. (Circle one)

1. 2-axle, 4-tire Passenger Car, SUV or Pickup Truck **2.** 2-axle, 6-tire Truck **3.** 3-axle Truck **4.** 4-axle Truck **5.** Truck with 5 or More Axles **6.** Motorcycle

15 F. Do you, or others in your immediate household, currently have an EZ TAG or other electronic tag useable in Texas? (Circle one) **1.** Yes **2.** No

16 G. How many **people**, including yourself and any children, were in your vehicle? (Circle one)

1 **2** **3** **4** **5** **6 or more**

17 H. How **often** do you make this one-way trip? (Circle one)

1. 4 or more times per week **2.** 2 or 3 times per week **3.** Once per week **4.** 1 to 3 times per month **5.** Less than once per month but more than twice per year

18 I. By completing the survey in its entirety and providing your **name and address** in the space provided below, early respondents qualify to participate in a $150 pre-paid Visa gift card drawing. **(OPTIONAL)**

_ _

_ _

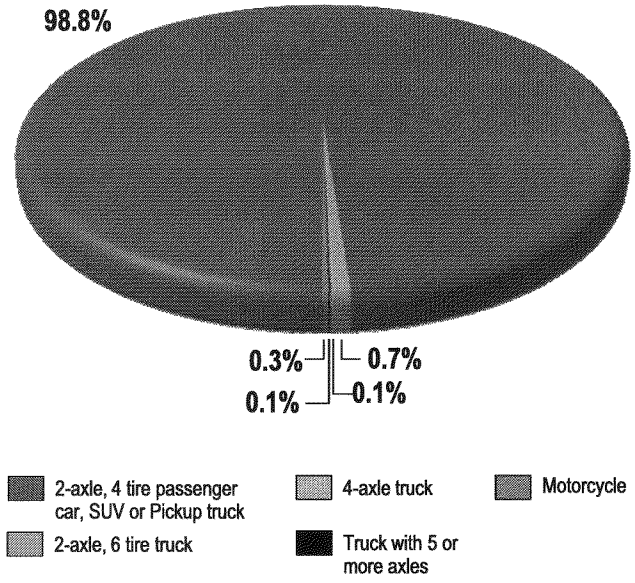
J. If you would like to participate in the supplemental follow-up Internet survey, please supply your **email** address.

Email Address **(OPTIONAL)** _

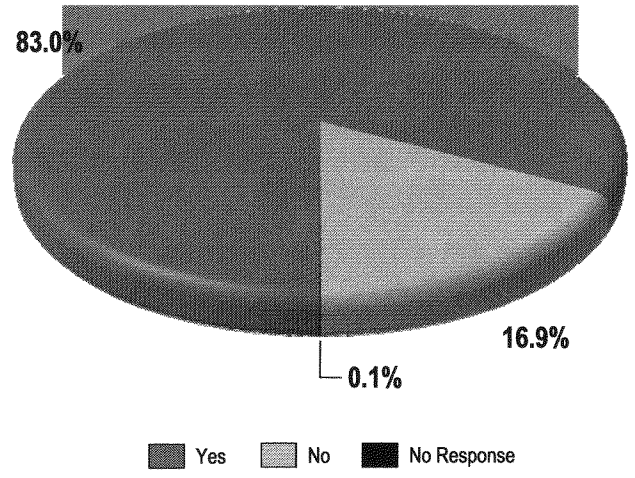
This space is for office use only. Please do not write in this space.

STATION	DIR	DAY	HOUR	C	D	E	F	G	H	I	J

Vehicle Type

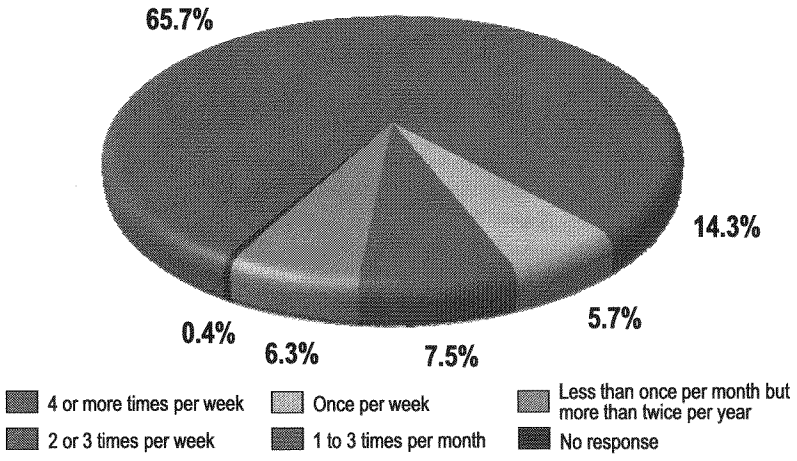


EZ Tag

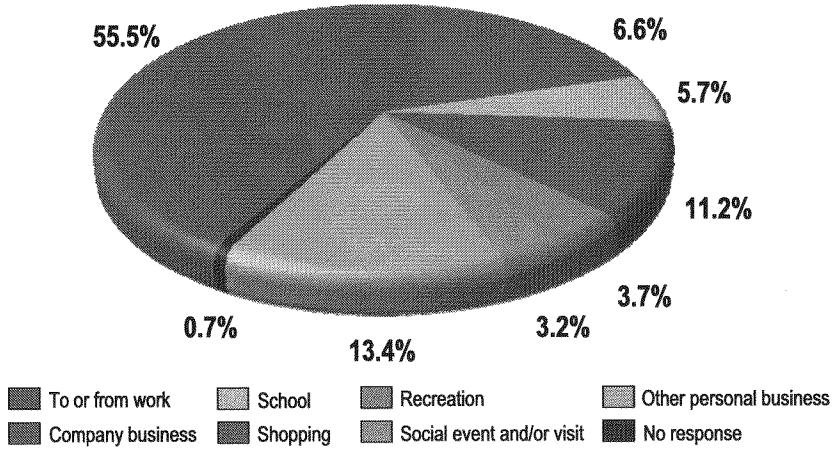


Note: Data summaries produced from a total of 1,383 valid handout survey returns.

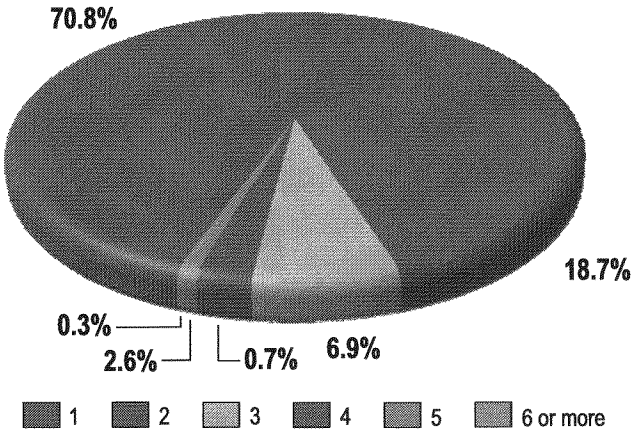
Trip Frequency



Trip Purpose



Vehicle Occupancy



Note: Data summaries produced from a total of 1,383 valid handout survey returns.

Table 3-4
Survey Station Locations and Distribution

Location No.	Route/Site	Location	Survey Direction	Survey Type	Survey Date	Estimated 2008 ADT	Cards Distributed	Cards Returned	Percent Returned	Valid Cards	Percent Valid Cards
1	SH 99	at SR 90	NB	Handout	8/25	21,168	779	117	15.0%	98	12.6% (83.8%)
1	SH 99	at SR 90	SB	Handout	8/25		1892	225	11.9%	206	10.9% (91.6%)
2	SH 99	at FM 1093	NB	Handout	8/24	22,859	1356	252	18.6%	212	15.6% (84.1%)
2	SH 99	at FM 1093	SB	Handout	8/24		2119	305	14.4%	279	13.2% (91.5%)
3	FM 1093	at SH 99	EB	Handout	8/24	18,522	1273	205	16.1%	189	14.8% (92.2%)
3	FM 1093	at SH 99	WB	Handout	8/24		982	145	14.8%	128	13.0% (88.3%)
4	SH 6	at US 59	NB	Handout	8/25	41,160	1631	120	7.4%	96	5.9% (80.0%)
4	SH 6	at US 59	SB	Handout	8/25		1695	123	7.3%	82	4.8% (66.7%)
5	SH 6	at W Airport Blvd	NB	Handout	8/26	28,298	1050	46	4.4%	35	3.3% (76.1%)
5	SH 6	at W Airport Blvd	SB	Handout	8/26		1306	67	5.1%	58	4.4% (86.6%)
		Totals				**132,007**	**14,083**	**1,605**	**11.4%**	**1,383**	**9.8% (86.2%)**

* O/D survey card distribution process interrupted on SH 6 at Westheimer Pkwy intersection

Both the Video Mailout Survey and the Handout Survey returns were overwhelmingly from drivers of private autos. There were less than one percent commercial vehicles in the Video Survey and only 1.2 percent in the Handout Survey. Traffic counts in the area also indicate a small percentage of trucks (less than 5 percent).

The number of EZ Tag users was consistently high in both surveys, 83.0 percent from the Handout Survey and 87.6 percent from the Video Mailout.

The vehicle occupancy in both surveys was almost exactly the same. In the Video Mailout survey, single occupant vehicles were 68.4 percent and in the Handout survey, 70.8 percent. There were 22.2 percent two-occupant vehicles in the Video survey and 18.7 percent in the Handout survey. Combined single and two-occupant vehicles in the Video survey totaled 90.6 percent, while the same combination in the Handout survey was 89.5 percent. Three-occupants were 6.4 percent in the Video and 6.9 percent in the Handout survey. Vehicles with four occupants were 2.2 percent in the Video survey and 2.6 percent in the Handout survey. There were very few five-occupants in both surveys and both percentages were 0.7 percent. Because of this significant consistency, both samples appear to be representative with respect to vehicle occupancy.

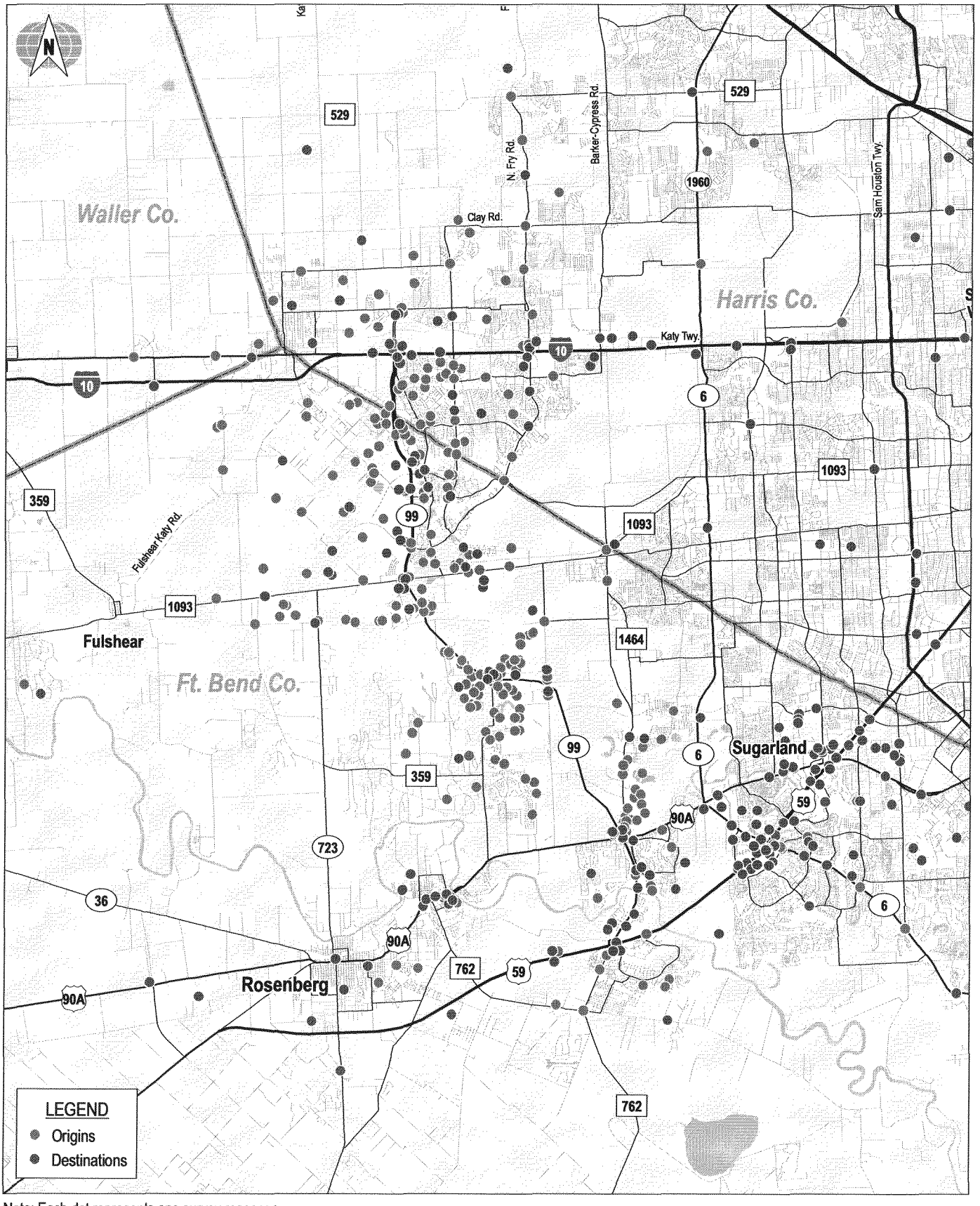
Percentages of trip purposes were also similar between the two surveys. Combining work and company business resulted in an additive percent of 59.7 percent for the Video survey and 62.1 percent for the Handout. Personal business was 15.1 percent in the Video and 13.4 in the Handout. Shopping was 9.4 percent in the Video survey and 11.2 percent in the Handout survey.

There were more returns from commuters from the Handout survey with 65.7 percent versus 54.2 percent in the Video, indicating that they took the same trip four or more times per week. However, those who said they took the same trip two-three times per week were the exact same percentage in both surveys, 14.3 percent. The percent that said they took the same trip one-to-three times per month was almost double in the Video survey (13.8 percent to 7.5 percent).

Overall most of the percentage breakdowns of both surveys were relatively close and indicate that both surveys are representative samples.

PATTERN OF SURVEYED TRIPS

By displaying the travel patterns, from the origin-destination survey, as productions and attractions at the zonal level, the results of the surveys can be shown. Figure 3-10 shows the Handout survey origins and destinations for the morning peak period. Each dot on the map represents one origin and one destination from a survey response. There is a



Note: Each dot represents one survey response.

HANDOUT SURVEY ORIGINS AND DESTINATIONS
AM PEAK PERIOD

WilburSmith ASSOCIATES

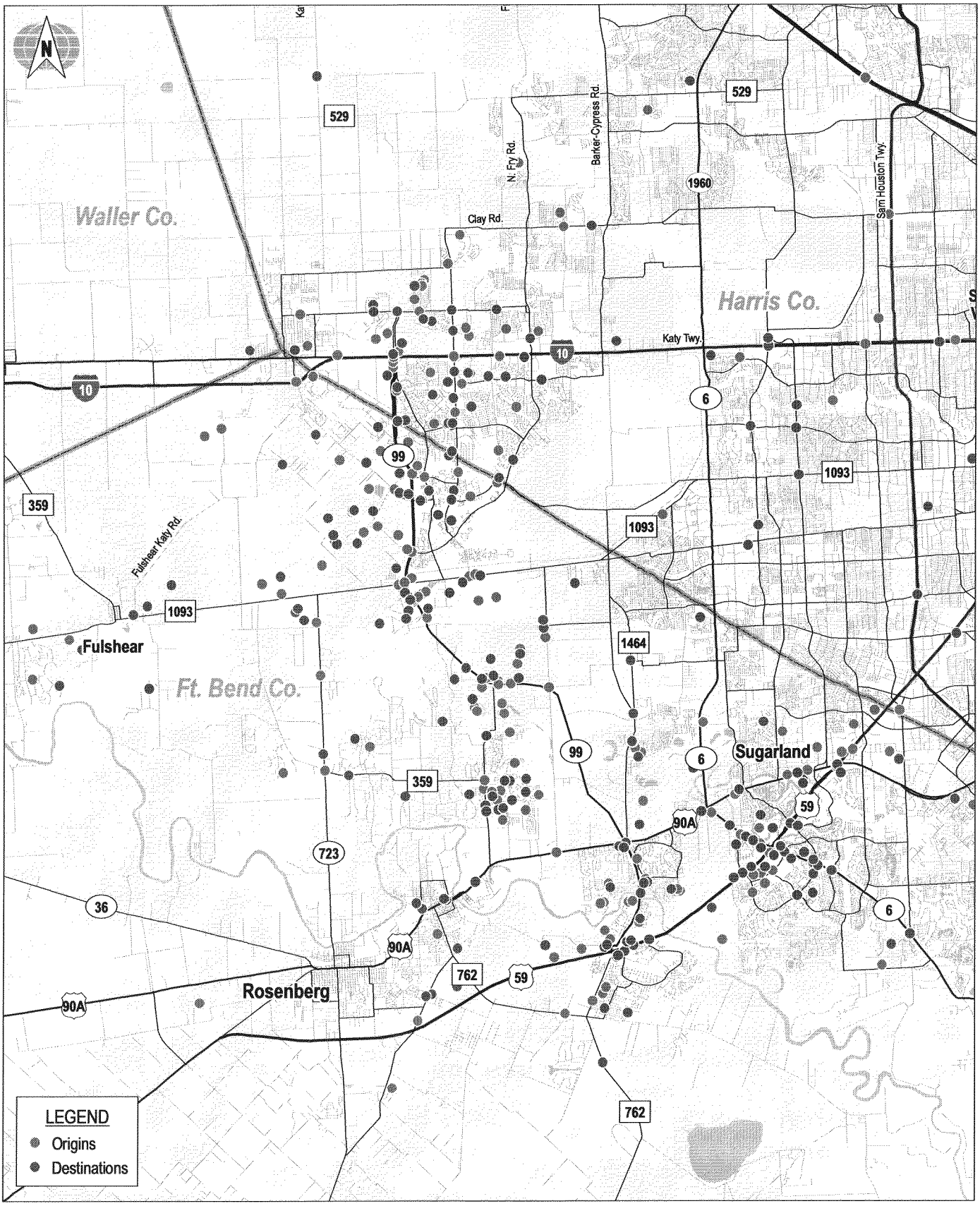
FIGURE 3-10

heavy concentration of destinations in Sugarland which indicates that there are a significant number of local destinations, rather than Houston Downtown.

The afternoon peak distribution of the surveyed trip origins and destinations, from the Handout survey are shown in Figure 3-11. There are concentrations of both origins and destinations throughout the study area, in Sugarland, at the intersection of U.S. 59 and SH 99, the intersection of FM 359 and Farmer Road, the intersection of Mason Road and SH 99, and near SH 99 from the intersection of FM 1093 to the Katy Freeway (IH-10).

A series of 48-hour counts were conducted for the purposes of factoring survey sample trips, in order to represent the average weekday pattern of traffic movement, along Segment D. Average weekday traffic volumes are higher in the northern section of Segment D, ranging from slightly over 25 thousand vehicles per day between South Fry Road and Westpark Tollway, to over 46 thousand, in the northbound direction, and 39 thousand in the southbound direction, between Highland Knolls Drive and Cinco Ranch Boulevard. South of the Westpark Tollway, weekday volumes gradually decline from over 15 thousand vehicles per day between Bellaire Boulevard and Morton Road to 13 thousand per day just north of U.S. 59.

Data from the two origin and destination surveys were used as input to the travel demand model to refine the base year 2010 and future travel patterns as described later. This vastly improves model accuracy compared to estimated travel patterns generated from the H-GAC regional travel demand model.



Note: Each dot represents one survey response.

HANDOUT SURVEY ORIGINS AND DESTINATIONS
PM PEAK PERIOD

WilburSmith ASSOCIATES

FIGURE 3-11

CHAPTER 4

STATED PREFERENCE SURVEYS

Resource Systems Group (RSG) was contracted by Wilbur Smith Associates to develop and implement a stated preference survey to gather information from current automobile travelers in the vicinity of Grand Parkway Segment D and estimate the distribution of potential customer's value of time (VOT). In addition to collecting data on current travel behaviors, the survey presents respondents with information about the proposed highway improvements and, with the use of choice-based conjoint (trade-off) questions, assists in estimating travelers' values of time which will be essential for toll diversion and estimating toll revenue.

This chapter describes the survey data collection and model estimation work conducted by RSG for the Grand Parkway Stated Preference Study. The complete Stated Preference Report, prepared by RSG may be found in Attachment A to this report.

SURVEY APPROACH

Survey data was collected that allows for statistical estimation of a stated preference mode choice model. Data were collected so that the model could include time of day and trip purpose segments, as well as travel cost sensitivity and willingness of travelers to use the toll road options on Grand Parkway Segment D. The stated preference survey conducted for this study collected data from travelers on current trip characteristics and choices among current travel options such as tolled and un-tolled use of Grand Parkway, HOV, and use of public transit.

This stated preference survey approach was based on the IVIS computer-assisted self-interview (CASI) technique as developed by RSG. It was programmed using customized proprietary software for both laptops and Internet administration.

The laptop-based stated preference survey was conducted at a variety of locations throughout the Grand Parkway corridor area. The locations were selected to ensure that a representative sample of corridor travelers would be obtained. To ensure that all of the

groups of interest were included in the sample, a multi-method sampling approach was used. Intercepts were conducted in public facilities such as shopping malls, tax collection offices, large office buildings, and libraries. The sample obtained by intercept was supplemented with the participation of employees from a number of large employers located in the vicinity of the Grand Parkway corridor using an online version of the survey.

The customized survey was adapted to each respondent by presenting questions and modifying wording based on respondents' answers. The text of the questionnaire and example screens are included in the RSG report in Attachment A.

SURVEY ADMINISTRATION

The data collection effort for this project was conducted between January and March, 2011. Travelers who either used or could have used Grand Parkway for a trip between 15 minutes and 4 hours in length were intercepted at various locations throughout Houston. Emphasis was placed on selecting sites that were proximate to the Grand Parkway corridor and would allow collection of responses for both work and non-work purposes. The following general areas were targeted:

1. Office buildings and other area employment sites
2. Shopping and recreational centers
3. Libraries
4. Other heavily trafficked sites including the Fort Bend Tax Offices

The survey administration setup was comprised of up to ten laptop computer interview stations set up each day, usually split between two locations. Each survey site was staffed by two to four survey attendants who were responsible for soliciting and screening potential respondents, escorting the participants to survey stations, and if necessary, assisting them with questions. Potential respondents were questioned to ensure that they met the screening criteria. A framed poster mounted on an easel was positioned near the interview station to assist in attracting respondents.

When taking the survey, respondents sat in front of a laptop computer and primarily used a mouse to record answers and navigate through the survey. Most respondents took between ten and fifteen minutes to complete the survey. Data for each individual was automatically saved to the computer for later analysis. It was reported that participants were generally enthusiastic about taking the survey and seemed to enjoy the survey's interactive technology.

In addition to the surveys collected at central site locations, additional surveys were collected via the Internet at SurveyCafe.com. The majority of these were obtained from a number of large businesses and a small number from libraries. These participants were invited to participate via email. The remaining surveys were obtained via the Internet through flyers that were handed to individuals at central site locations who were unable to participate when they were intercepted.

SURVEY RESULTS

A total of 1,816 people completed the survey. For matters of consistency, all tabulations in this report include only data from respondents who completed the entire survey. A complete set of straight tabulations are contained in Attachment A. The sources for the completed surveys are shown below on Table 4-1.

Table 4-1
SP Survey Sources

Source	Surveys	%
Research Now	302	16.6%
Field	597	32.9%
O&D E-Mails	428	23.6%
Fort Bend Tax Office	15	0.8%
M.S. Marks Library	46	2.5%
Barbara Bush Library	7	0.4%
Other	421	23.2%
Totals	1816	100.0%

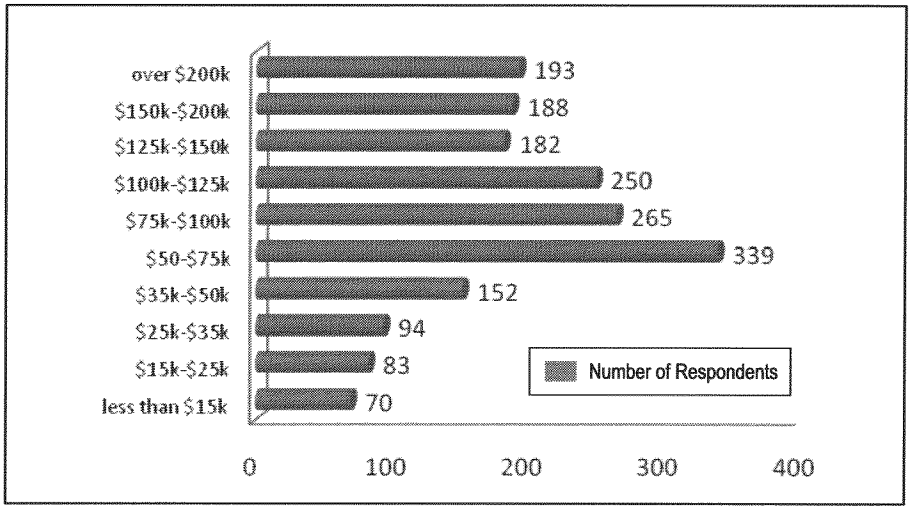
DEMOGRAPHICS

The sample was comprised of 48.1 percent women and 51.9 percent men. The median age was in the range of 45 to 54 years, which is also the largest category, representing 23.4 percent of the whole sample. Household income, shown on Figure 4-1, was slightly over $100,000, with the range of $50,000 to $74,999 having the largest number of respondents (339 or 18.7 percent). Approximately 61.9 percent of respondents were employed full-time.

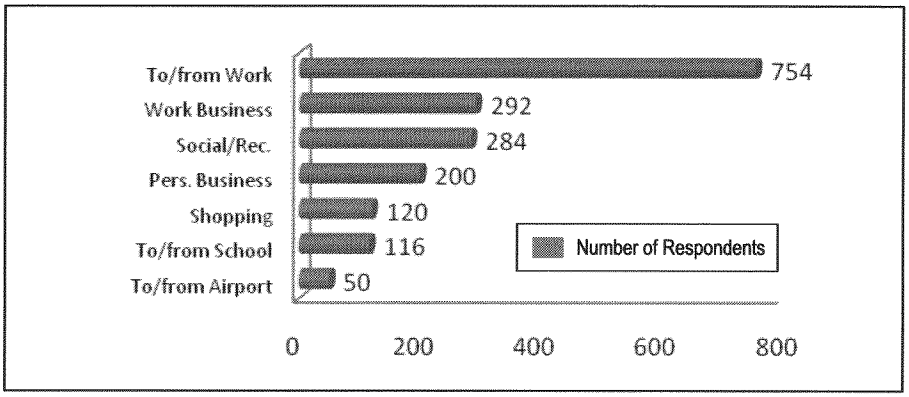
TRIP CHARACTERISTICS

Over 40 percent of respondents indicated that the purpose of their trip was to commute to/from work. The next two highest categories of trip purpose were "work-related

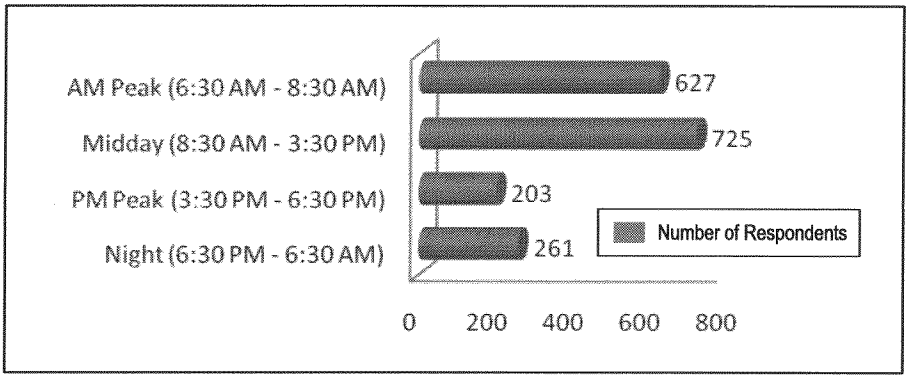
Household Income



Trip Purpose



Time of Day Distribution



business" (16.1 percent) and "social/recreational" at 15.6 percent. Figure 4-1 shows the distribution of trip purposes.

The distribution of time of day when respondents took their trip is shown in Figure 4-1. The Midday period, which was seven hours, had the largest number of responses, almost 40 percent. The two-hour AM Peak (34.5 percent) was over three times the three-hour PM Peak (11.2 percent). Nighttime trips were slightly over the PM Peak with 14.4 percent.

Based on their current origins and/or destinations, trip purposes, and the results of the choice-based conjoint (trade-off) questions, some respondents would be potential Grand Parkway Segment D users and some would not. According to the 1,816 completed surveys, 667 or 36.7 percent would be potential users.

RESULTS AND USAGE

The results of the SP exercise provided WSA with a distribution of Values of Time dependent on income to use in the modeling process. The VOT distribution is presented and described in Attachment A, and a description of how VOT distribution was used is provided in Chapter 6.

CHAPTER 5

ECONOMIC GROWTH ASSESSMENT

The distribution and growth of population, households, and employment all have a significant impact on the initial and continued feasibility of a toll facility. The forecasts of these indicators are a key input for the trip generation step in building travel demand model trip tables. These trip tables are the foundation of the travel demand model in key forecasting years and accordingly future traffic and revenue estimates. It is therefore vital to review these underlying demographic assumptions.

The official regional socioeconomic forecasts used in the regional travel demand model are prepared by the Houston-Galveston Area Council (H-GAC). The Regional Growth Forecasts presents estimates for population, households, and employment in a 13-county area. However, as part of this study, an independent firm, Community Development Strategies (CDS) was retained to conduct an independent analysis of the validity of the socioeconomic data that is used in conjunction with the H-GAC Regional Planning Model to forecast future travel demand in the Houston-Galveston area. In particular, the independent economist focused on the area of influence of the Grand Parkway project. A separate report has been prepared by CDS and is included in Attachment B of this report.

This chapter of the report provides a summary of the demographic and economic information from various sources including summaries of CDS's findings and the adjusted socio-economic forecast used for the base case T&R estimates.

REGIONAL DEVELOPMENT TREND

A review of historical trends of the region's economic indicators was performed to assess growth patterns in the Houston-Galveston area. This section of the chapter summarizes the historic socio-economic trends of the region.

HISTORICAL POPULATION TRENDS

Table 5-1 shows the historical population trends for selected counties in the Houston-Galveston region. The total population has increased by an average annual growth rate of

2.5 percent from 1970 to 2010 for the eight-county region, adding approximately 3.75 million additional residents to the area.

Table 5-1
Historical Population Growth by County

County	1970	CAGR	1980	CAGR	1990	CAGR	2000	CAGR	2010	1970-2010 CAGR
Brazoria	108,312	4.6%	169,587	1.2%	191,707	2.3%	241,805	2.7%	314,407	2.7%
Chambers	12,187	4.3%	18,538	0.8%	20,088	2.6%	26,006	2.2%	32,332	2.5%
Fort Bend	52,314	9.6%	130,962	5.6%	225,421	4.6%	354,286	5.0%	575,324	6.2%
Galveston	169,812	1.4%	195,738	1.1%	217,396	1.4%	250,178	1.6%	292,242	1.4%
Harris	1,741,913	3.3%	2,409,547	1.6%	2,818,101	1.9%	3,401,139	2.0%	4,147,218	2.2%
Liberty	33,014	3.6%	47,088	1.1%	52,726	2.9%	70,196	0.9%	76,501	2.1%
Montgomery	49,479	9.9%	127,222	3.7%	182,201	4.9%	293,779	4.6%	459,550	5.7%
Waller	14,285	3.3%	19,798	1.7%	23,374	3.4%	32,545	1.4%	37,431	2.4%
8-County Region	**2,181,316**	**3.6%**	**3,118,480**	**1.8%**	**3,731,014**	**2.3%**	**4,669,934**	**2.4%**	**5,935,005**	**2.5%**

Source: US Census Bureau (March 2011)

The eight-county region added almost 1 million people between 1970 and 1980. The rate of growth was substantially reduced by major economic recession and restructuring which occurred in the mid-1980s as a result of falling oil prices and an over dependency on the petroleum industry within the Houston economy. Subsequent to that economic downturn, the greater Houston region emerged as a much more diverse economy and strong growth resumed in the 1990s and the first ten years of the new century.

The most populous county, of course, is Harris County. In the 40 years between 1970 and 2010, Harris County added over 2.4 million additional residents, an overall rate of growth of 2.2 percent per year. Today, more than 4 million people live in Harris County, out of 5.9 million in the total eight-county region.

The most rapidly growing counties are Fort Bend and Montgomery, averaging about 6 percent per year in growth. Both of these counties had populations in the range of about 50,000 residents in 1970; today Fort Bend County has more than 10 times that amount while Montgomery County has over 459,000 residents. Fort Bend County has had consistent long-term growth, even during the 1980's. In the past decade Fort Bend had the highest rate of population growth of 5.0 percent per annum.

HISTORICAL EMPLOYMENT TRENDS

The historical employment trend in the region by county is shown in Table 5-2. Total employment of the eight-county region has by increased over three-quarters of a million (768,000) in the last 20 years shown. This equals a growth rate of almost 2 percent per year with a high of 3.3 percent per year in the period of 1995-2000. Counties of Fort Bend and Montgomery maintained higher growth rates of 5.4 percent per year and 6.0 percent per year, respectively, compared to the other five counties.

Table 5-2
Historical Total Employment Growth by County

County	1990	CAGR	1995	CAGR	2000	CAGR	2005	CAGR	2010	1990-2010 CAGR
Brazoria	66,948	0.7%	69,483	1.7%	75,417	0.9%	78,791	1.9%	86,662	1.3%
Chambers	5,662	4.5%	7,058	0.1%	7,087	3.7%	8,489	2.3%	9,514	2.6%
Fort Bend	46,914	7.4%	67,093	5.5%	87,763	4.6%	109,763	3.9%	133,187	5.4%
Galveston	75,473	2.4%	85,113	0.4%	86,844	0.5%	88,984	1.5%	95,934	1.2%
Harris	1,456,705	1.5%	1,567,352	3.3%	1,840,442	0.3%	1,867,791	1.3%	1,996,491	1.6%
Liberty	13,324	1.4%	14,296	1.6%	15,497	0.9%	16,174	0.3%	16,453	1.1%
Montgomery	39,964	6.7%	55,200	6.8%	76,865	6.1%	103,203	4.5%	128,652	6.0%
Waller	7,117	2.6%	8,108	3.8%	9,760	5.1%	12,514	1.0%	13,148	3.1%
8-County Region	**1,712,107**	**1.8%**	**1,873,703**	**3.3%**	**2,199,675**	**0.8%**	**2,285,709**	**1.6%**	**2,480,041**	**1.9%**

Source: US Bureau of Labor Statistics

Considering the entire Houston Metropolitan Area, there has been an increase in employment of over 600,000 jobs between 2000 and 2009. This is almost 27 percent or 2.7 percent per year, compounded, for the nine years. The greatest increases occurred in the far Southwest and far Northwest, with nine year growths of over 50 percent each.

HISTORICAL PERSONAL INCOME TRENDS

Travel demand in general is sensitive to, among other things, the amount of disposable income available in a household. As for demand for toll facilities, a reliable indicator of an individual's propensity to pay tolls instead of free alternatives is personal income; this is a key input into the assessment of the value of time for a motorist as there is typically a relationship between value of time, income and the motorists' willingness to pay.

Table 5-3
Historical Personal Per Capita Income by County

County	1990	CAGR	1995	CAGR	2000	CAGR	2005	CAGR	2010	1990-2010 CAGR
Brazoria	$26,257	2.6%	$29,882	2.8%	$34,367	2.2%	$38,314	2.4%	$43,212	2.5%
Chambers	$25,126	3.3%	$29,589	4.0%	$36,056	2.7%	$41,236	1.0%	$43,264	2.8%
Fort Bend	$24,013	3.3%	$28,265	4.8%	$35,785	3.7%	$42,987	0.7%	$44,460	3.1%
Galveston	$21,443	4.2%	$26,367	2.3%	$29,532	3.8%	$35,526	3.0%	$41,132	3.3%
Harris	$26,858	3.5%	$31,974	5.5%	$41,879	3.3%	$49,248	2.4%	$55,380	3.7%
Liberty	$16,725	4.6%	$20,981	3.3%	$24,730	3.4%	$29,161	3.2%	$34,060	3.6%
Montgomery	$20,392	3.3%	$24,039	6.0%	$32,099	3.0%	$37,250	1.8%	$40,664	3.5%
Waller	$17,731	3.5%	$21,066	3.5%	$24,974	4.4%	$30,947	4.5%	$38,532	4.0%

Source: US Bureau of labor Statistics

The historical per capita income trend in the region by county is shown in Table 5-3. As can be noted from the table, the overall growth is in the range of 2.5 percent to 4.0 percent per year. Waller County has had the highest growth rate over the 20-year period

at 4.0 percent per year. Harris is a close second with a growth rate of 3.7 percent per year. The lowest is Brazoria with a growth rate of only 2.5 percent per year. Chambers County is almost as low at 2.8 percent per year. In 2010, Fort Bend County had the highest per capita income outside the City of Houston, at $44,460.

Total income in the 8-County Region was $44.9 billion in 1990. It had almost tripled by 2010 to over $130 billion. The average growth rate in total income was 5.5 percent per year. Average per capita income doubled from $26,244 in 1990 to $52,777 in 2010, an average growth rate of 3.6 percent per year.

TRENDS IN HOUSEHOLDS/HOUSING UNITS

Another key indicator is the number of households or housing units in the study area. Table 5-4 shows the 19-year trend in housing unit growth. Since 1990, the number of housing units in the 8-county region has grown by 2.6 percent per year. Fort Bend and Montgomery Counties had the largest growth rates at 4.0 and 4.4 percent per year, respectively. The largest absolute growth was in Harris County, where housing units increased by over 400,000 between 1990 and 2009. This was an average rate of 1.7 percent per year. Montgomery and Fort Bend Counties had the second and third highest absolute growth at over 93,000 and 85,000 respectively.

Table 5-4
Historical Housing Units by County

County	1990	CAGR	2000	CAGR	2005	CAGR	2009	2005-2009 CAGR	1990-2009 CAGR
Brazoria	74,504	2.0%	91,211	3.0%	105,629	2.8%	117,993	2.8%	2.4%
Chambers	8,061	2.6%	10,433	3.7%	12,522	3.1%	14,158	3.1%	3.0%
Fort Bend	77,075	4.3%	117,509	3.0%	136,195	4.6%	162,777	4.6%	4.0%
Galveston	99,451	1.2%	112,431	2.2%	125,525	1.8%	134,885	1.8%	1.6%
Harris	1,173,808	1.1%	1,303,521	2.1%	1,444,928	2.6%	1,604,122	2.6%	1.7%
Liberty	22,243	1.8%	26,477	1.1%	28,013	0.9%	28,990	0.9%	1.4%
Montgomery	73,871	4.4%	113,960	4.3%	140,764	4.4%	167,489	4.4%	4.4%
Waller	8,824	3.2%	12,062	2.4%	13,556	1.5%	14,395	1.5%	2.6%
8-County Region	1,537,837	1.5%	1,787,604	2.3%	2,007,132	2.8%	2,244,809	2.8%	2.0%

Source: US Bureau of Census

Again considering the entire Houston Metro Area, growth in households was 21.5 percent from 2000 to 2009. The two areas with the highest growth rates in households were the Far Southwest at 49.5 percent and the Far Northwest at 50.3 percent.

RECENT ECONOMIC TRENDS

The U.S. economy is currently undergoing one of the most significant contractions since the Great Depression. In 2010, the national unemployment rate reached above 10.0 percent.

In light of ongoing economic conditions, WSA requested CDS, as an independent consultant, to review recent economic indicators for the Houston-Galveston area to better understand how trends in Houston's market compare to national trends. CDS conducted a study that analyzed the validity of regional socio-economic data. A summary of this analysis is presented in this section. CDS's full report on local economic indicators is attached in Attachment B of this report.

RECENT EMPLOYMENT TRENDS

The Houston Area enjoyed a boom during the 1970's during the country's energy shortages. When the oil market fell in the early 1980's, it had a devastating impact on the Houston Area economy. From 1982 to 1987 almost 222,000 jobs were lost. Over 80 percent of those lost jobs were in oil and gas related industries. Since 1986, Houston diversified its economy and thereby lessened dependence on the energy industry. Today the energy sector accounts for about 33 percent of the Houston Area employment base.

Figure 5-1 shows the decline in employment beginning in 1982 and continuing through 1987. Jobs increased significantly from 1988 through 1990 and then growth flattened out for the next four years. There was another period of sharp increase from 1993 to 1999. After a year of basically no growth, 2000 and 2001 showed another sharp increase.

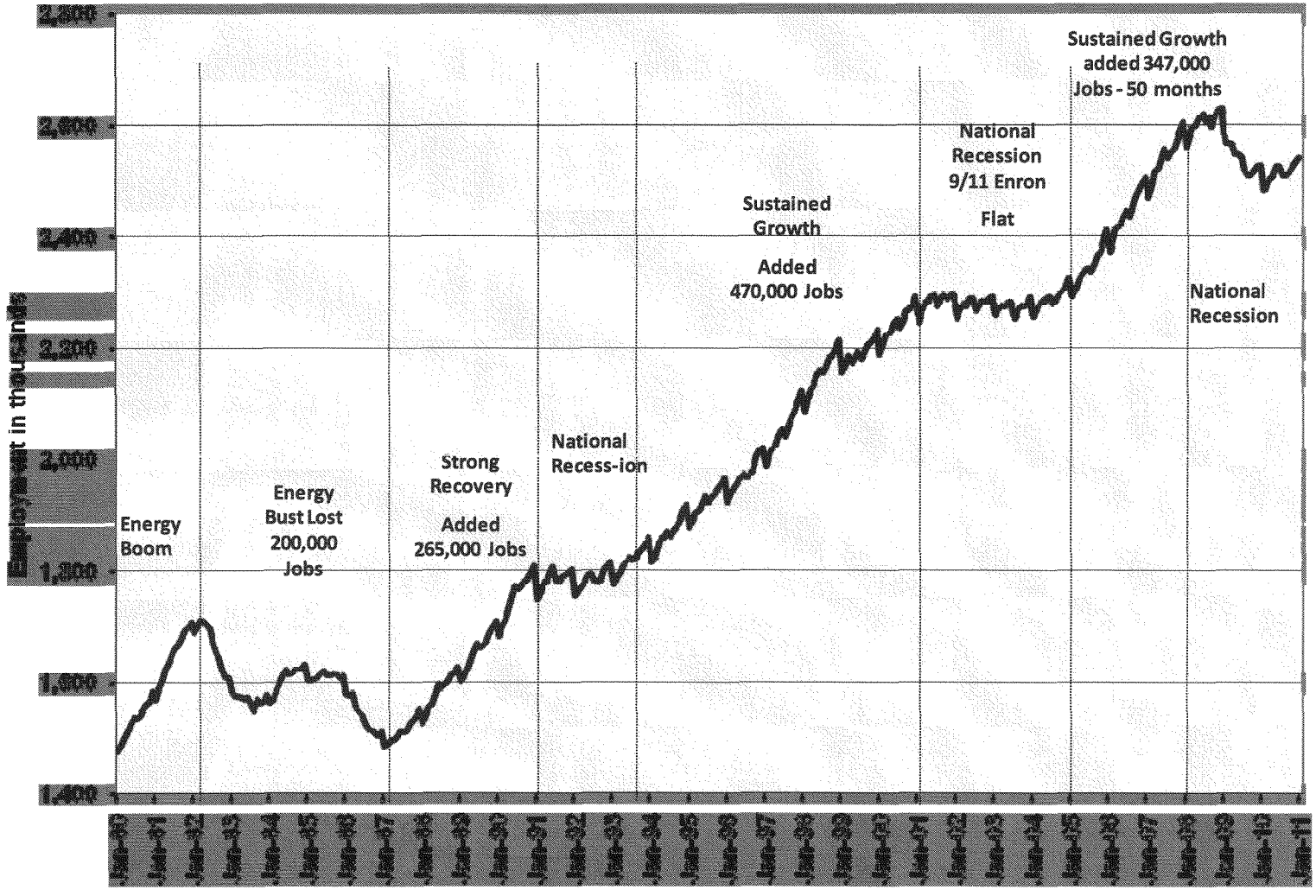
That was followed by another "flat" period from 2002 to 2005. The area experienced steady growth through 2009, having resisted the nation's slide in 2008 and 2009. The second half of 2008 saw the Houston Area declining with the rest of the country with some recovery evident in 2010 and the early part of 2011.

FACTORS AFFECTING FUTURE REGIONAL ECONOMIC GROWTH

According to the Greater Houston Partnership, three factors have governed the state of Houston's economy for the past 10 years

- the health of the national economy;
- the value of the U.S. dollar against foreign currencies; and
- energy prices.

Higher oil and gas prices stimulate demand for oil field equipment and services. Spot market closing prices for West Texas Intermediate began the 2000's decade in the $20-$30 per barrel range and remained there until 2004 when they began a steady climb, with



Source: Community Development Strategies, March 2011

WilburSmith ASSOCIATES

HOUSTON MSA LONG-TERM EMPLOYMENT GROWTH TRENDS

FIGURE 5-1

a brief downward fall in 2006, to a peak of over $140 per barrel. During the first half of 2008. The sharp rise was attributed to large increases in demand from China, India and the Middle East. However, with the beginning of the worldwide recession in the second half of 2008, accompanied by a fall-off in demand, crude oil prices subsided to levels below $40 per barrel in late 2008 and early 2009, started climbing to an average of almost $80 per barrel in 2010, and have spiked recently to the vicinity of $105 per barrel. Concurrently, natural gas was under $130 per thousand cubic meters (TCM), in the early 2000's. In 2003 and 2004, the price hovered around $200 per TCM. The year 2005 averaged slightly less than $320 per TCM, followed by prices falling to the neighborhood of $250 in 2006 and 2007. Prices peaked in 2008 at almost $320 again and then rapidly fell to a little over $140 per TCM in 2009 and $158 in 2010. Current prices are almost $162 per TCM.

ECONOMIC GEOGRAPHY

The City of Houston has never had zoning or any other form of land use regulation. Therefore, there is no "Central Business District" typical of other large urban areas. Loosely-defined "edge cities" comprise a large portion of the region's employment base. These are usually made up of clusters of office, medical office, hotel, and supportive retail land uses. Many of these clusters contain high-rise, high density buildings. The area's large employment centers are largely dependent for access on the highway system. The de-centralized locations of these centers do not lend themselves to the use of mass transit.

HISTORIC GROWTH AND PROJECTIONS

Population growth is one of the principal measures of the economic vitality of any area because increasing population is generally the result of more jobs, a high level of immigration and a stable or expanding economy.

From 1960 to 2010, population in the eight-county region has grown from 1.6 million to 5.9 million (estimated), and is projected to reach 6.4 million by 2015. This is an annual compound growth rate of 1.9 percent per year. Fort Bend County is projected to grow 564,000 (estimated) in 2010 to 655,000 in 2015, 3.3 percent per annum.

Population growth is made up of three primary components – Natural Increase (births minus deaths); Domestic Migration (from the U.S.); and International Migration (from outside the U.S.). Net in-migration, which is calculated based on the number of persons moving in versus the number moving out, has accounted for almost 50 percent of the growth in Houston Metro Area population over the 2000-2009 period. Approximately 60 percent of this net migration has come from outside the U.S., which is not surprising in view of Houston's status as an international trading and business center.

THE H-GAC 2040 REGIONAL GROWTH FORECAST

In late 2009, H-GAC embarked on the preparation of new forecasts for the Houston region. As the MPO for the 8-county Houston Transportation Management Area, the agency prepares regional and small area forecasts that are utilized in transportation and other regional planning efforts. This new effort will replace the 2035 Regional Growth Forecasts which were completed in 2006. In this new forecast process, the H-GAC is using a new approach for the small area forecasts of population and employment. They will be using "a micro-simulation of the real estate development industry which supplies residential and non-residential buildings to accommodate the growing population and employment." The 2035 Forecasts were prepared using a model called UrbanSim. For the new 2040 Forecasts, they made a decision to implement the algorithms and ideas of UrbanSim in SAS, a data management and statistical analysis tool. They are calling their new model HGACSim.

Other public and private organizations have made population projections for the Houston Area. These include:

- The Texas State Data center;
- Moody's;
- The Texas Water Development Board;
- Wood & Poole Economics, Inc.;
- University of Houston, Institute for Regional Forecasting;
- The Perryman Group; and
- IHS Global Insight.

All of these forecasts are alike in showing substantial future growth in the Houston region. From a current population of 5.85 million, the region is expected to grow to between 8.74 and 11.64 million residents by 2040. That range of annual growth is 98,300 to 195,000 new residents annually. Historically, the Houston region added an average of 118,000 new residents every year between 2000 and 2010. The H-GAC projection for 2040 was 9.7 million.

There have been several recent employment projections for the Houston Region. They were prepared by:

- The Houston-Galveston Area Council;
- University of Houston, Institute for Regional Forecasting;
- Moody's; and
- The Perryman Group.

Employment projections for 2040 were all relatively close, ranging from 4.16 million to 4.20 million. The difference between the highest and lowest was only 181,000 or slightly over 4 percent.

COUNTY LEVEL POPULATION PROJECTIONS

Population projections for the eight counties in the region were compared in the CDS report. Data sources used were the following:

- H-GAC 2035 Forecasts prepared in 2006;
- Texas Water Development Board (TWBD) Forecasts;
- The 2010 forecasts from the UH-IRF;
- Texas State Data Center, Scenario 2000-2007;
- The new Version 1 2040 forecasts from the H-GAC; and
- Most recent forecasts from the UH-IRF (January 2011).

The H-GAC 2040 forecasts for Fort Bend, one of the fastest growing counties in the U.S., show the 2040 population approaching 1.5 million residents. Fort Bend has been recently growing at a rate of approximately 25,000 residents each year. The H-GAC forecasts add between 29,000 and 30,500 annually.

Details on these county population comparisons may be found in the full CDS report in Attachment B.

OVERALL EVALUATION OF H-GAC FORECASTS

CDS considered multiple independent forecasts to determine those that are most likely. Along with H-GAC's regional forecast, this report considered seven independent forecasts of population from respected organizations and three independent forecasts of employment.

The H-GAC's regional forecasts, from which their small area forecasts will be derived, tended to be in the middle of the independent forecasts considered in this project. It has been the conclusion of the CDS team that the H-GAC 2040 regional forecasts were reasonable and appropriate to form the basis of the small area forecasts to be used in the Grand Parkway Toll Road Study.

SMALL AREA FORECAST METHOD OVERVIEW

In general, the methodology CDS used, included the following steps:

1. Utilize the new forecasts of county-level jobs and population from the University of Houston – Institute for Regional Forecasting (UH-IRF);
2. Compile data on historical growth trends from the central appraisal districts for Harris, Waller, Montgomery and Fort Bend Counties; commercial development data from O'Connor and Associates; PCensus for Arcview; historical employment information from the Census Transportation Planning Package; and 2005 population and jobs from previous H-GAC forecasts;
3. Evaluate the growth trends in the previous H-GAC 2035 projections and the Version 1 H-GAC 2040 forecasts;
4. Investigate the forecasts of area governmental agencies and private organizations;
5. Evaluate the potential growth inducing effects of the Grand Parkway;
6. Implement a "shift-share" forecasting methodology at the RAZ level which takes into account; and
7. Disaggregate the RAZ forecast into the smaller zones.

FUTURE TRANSPORTATION NETWORK ASSUMPTIONS

Consideration of all changes in the transportation network including both highways and public transit were beyond the scope of the CDS study. However, major new planned facilities such as the Grand Parkway, the Fort Bend and Harris County Major Thoroughfare Plans, and known enhancement to existing facilities such as improvements to US-290, I-45 South and I-45 North, and planned light rail extensions were included.

CONTACT WITH AREA AGENCIES AND ORGANIZATIONS

In the course of developing Small Area forecasts, CDS sought out the demographic and economic projections used by key public sector agencies serving both the key areas of focus and the Houston region as a whole. CDS' goal was to understand the projections used by these organizations.

THE RAZ LEVEL FORECASTS

The forecasts at the RAZ level of geography were produced using a shift-share forecasting methodology, accounting for land availability throughout the process. The methodology involved establishment of county-level forecasts from 2010 to 2040 using the UH-IRF's most recent January 2011 forecasts. The shares of the future county housing units, population and jobs were then estimated for each 5-year period from 2010

to 2040. An area of detailed analysis, the Focus Area, that constituted the geographic areas surrounding the Grand Parkway Corridor was selected. Whole RAZ areas were included in the focus area as illustrated in Figure 5-2.

RAZ-level forecasts were made for each of 32 zones located within the Focus Area. These forecasts and short descriptions of the development trends within each zone may be found in the full CDS report.

DISTRIBUTING RAZ-LEVEL FORECAST DATA TO THE TAZ AND SAZ

The forecasts for the RAZ Zones were distributed to the smaller Traffic Analysis Zones (TAZ), and subsequent SAZ Zones, for the entire 8-county region. There are 3,216 forecast areas in the region. The methodology used to distribute the forecasts from the RAZ to the TAZ and SAZ zones is described in the CDS report.

The 2010 to 2040 population growth by small areas is shown on Figure 5-3. As can be seen from this map, there are many areas of relatively high population growth in the study Focus Area.

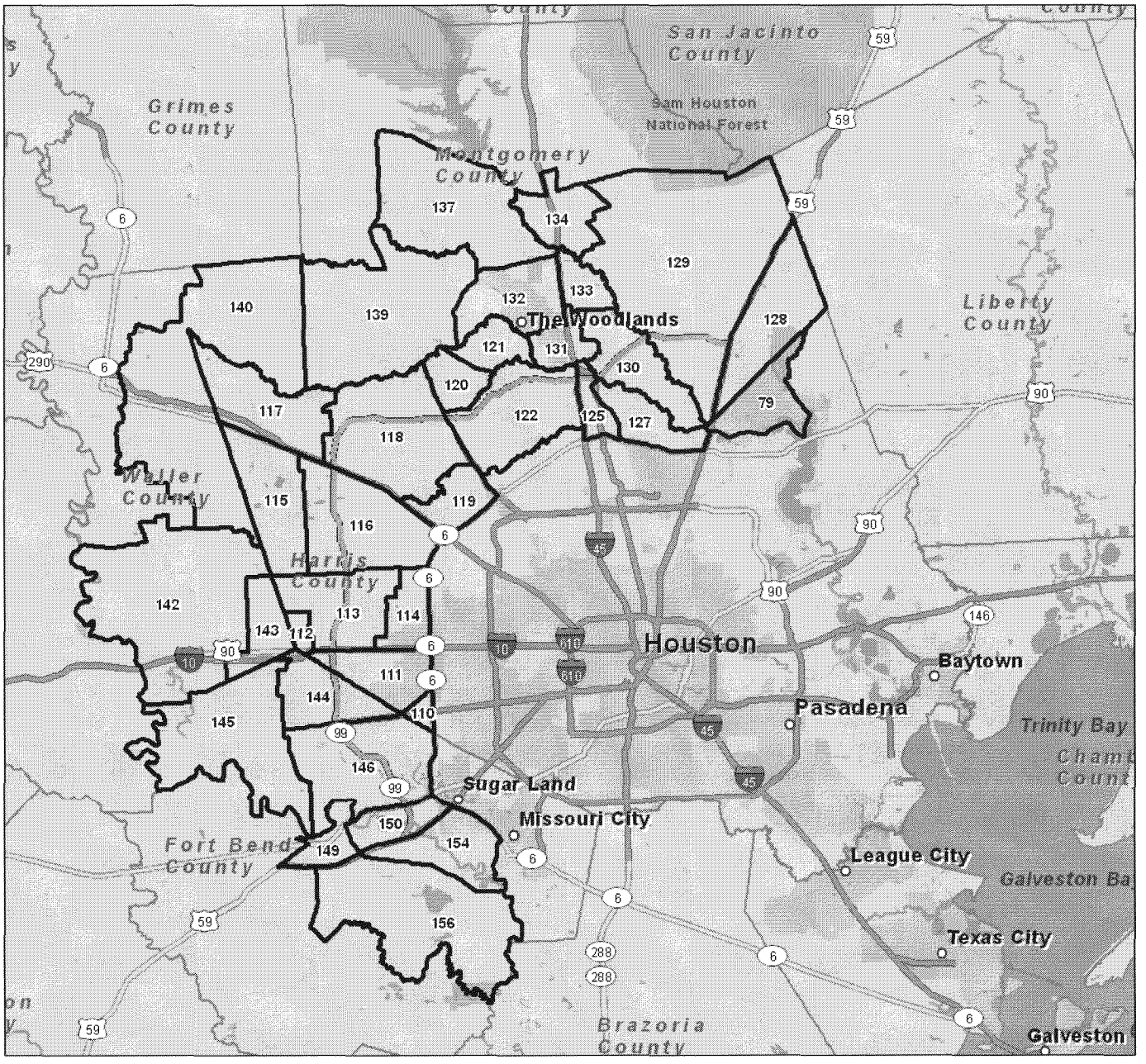
Figure 5-4 illustrates employment growth in the Focus Area between 2010 and 2040. Note that there is a heavy concentration of relatively high employment growth south and east of the Focus Area.

Detailed population and employment forecasts, by RAZ, can be found in Attachment A of the full CDS report.

CONCLUSIONS

The region and Fort Bend County in particular has sustained very high growth rates in population, employment and other key demographic and economic variables over the past 40 years.

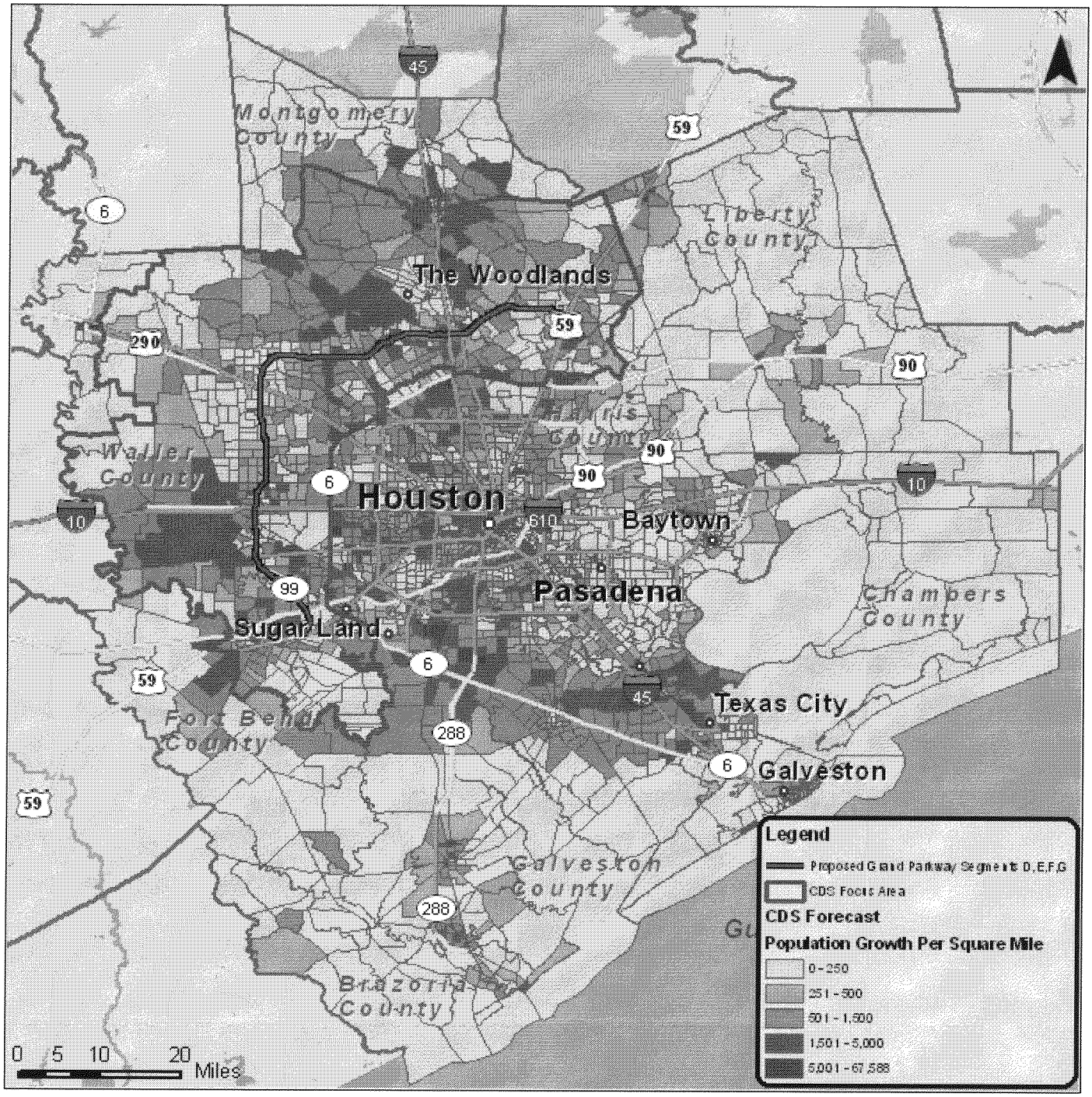
Relatively high levels of growth are expected to continue and the new Version 1 H-GAC 2040 Forecast estimates the region will grow from below 6 million today to 9.7 million by 2040. This is consistent with the consensus of a number of key forecasting groups reviewed. CDS has reviewed this forecast and found it to be reasonable at the regional level and adopted it as a basis for determining the distribution of small area growth in the region as described above and in more detail in their report. For small area growth, CDS is predicting higher share of the growth in the Segment D corridor than the to-be-revised H-GAC forecasts.



WilburSmith ASSOCIATES

RAZ ZONES IN THE FOCUS AREA

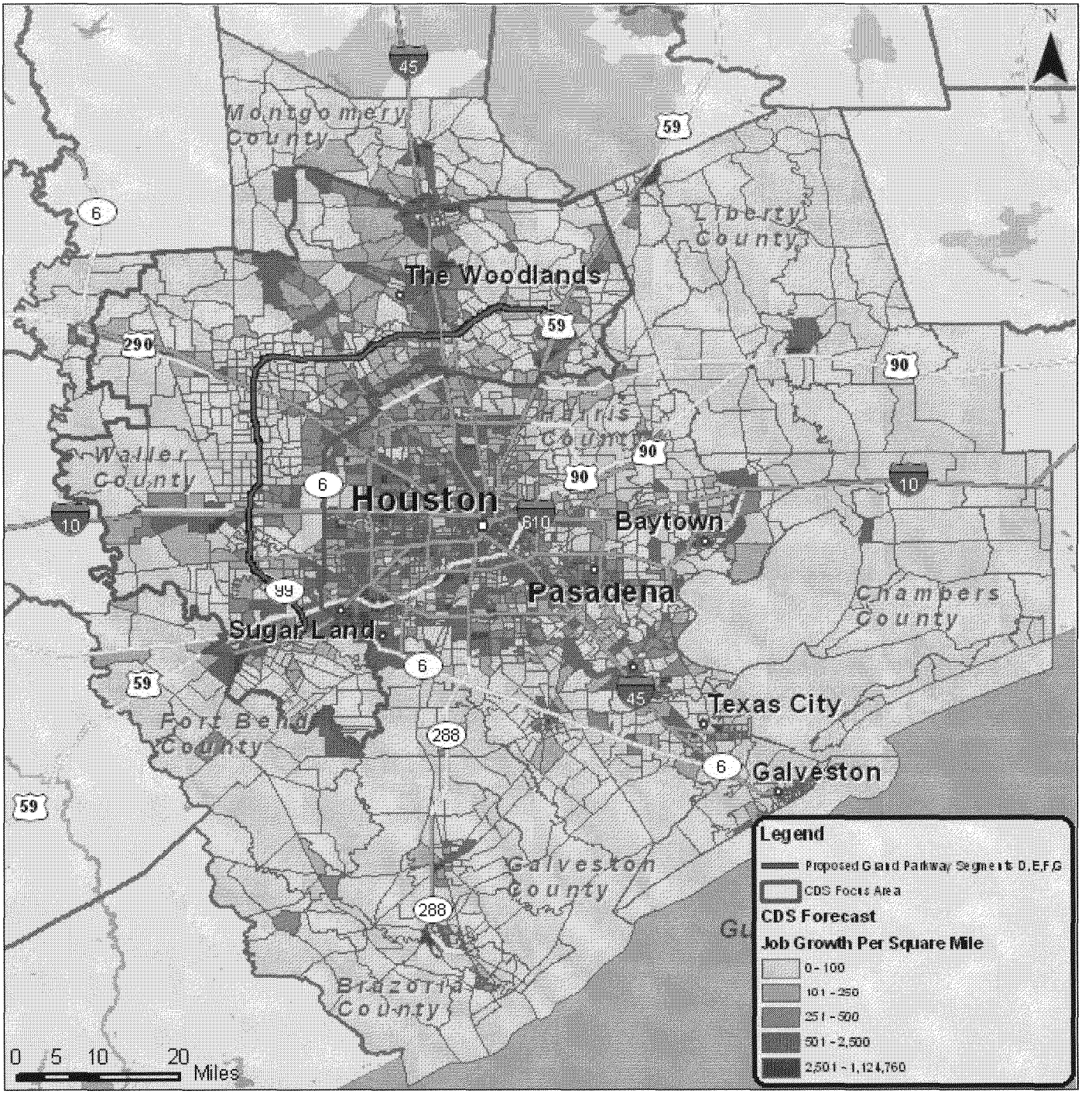
FIGURE 5-2



POPULATION GROWTH PER SQUARE MILE 2010 TO 2040

FIGURE 5-3

WilburSmith ASSOCIATES



JOB GROWTH PER SQUARE MILE 2010 TO 2040

FIGURE 5-4

WilburSmith ASSOCIATES

WSA used the CDS forecasts for base case models in the T&R estimates presented later in Chapter 6. However, accepting that risks are inherent in long-term forecasting, the impacts of several sensitivity tests on economic growth have been presented as follows:

- Base Case – Socioeconomics as revised by independent economist, CDS;
- Sensitivity Test – Base Case with a 25.0 percent reduction in growth implied in the base case; and
- Sensitivity Test – H-GAC Socio-economic forecasts (version 1 2040). It should be noted that the version1 H-GAC forecasts have not yet been adjusted at the small area zone level for new methodology and assumptions. This will result in significantly more conservative T&R estimates.

CHAPTER 6

TRAFFIC AND TOLL REVENUE ESTIMATES

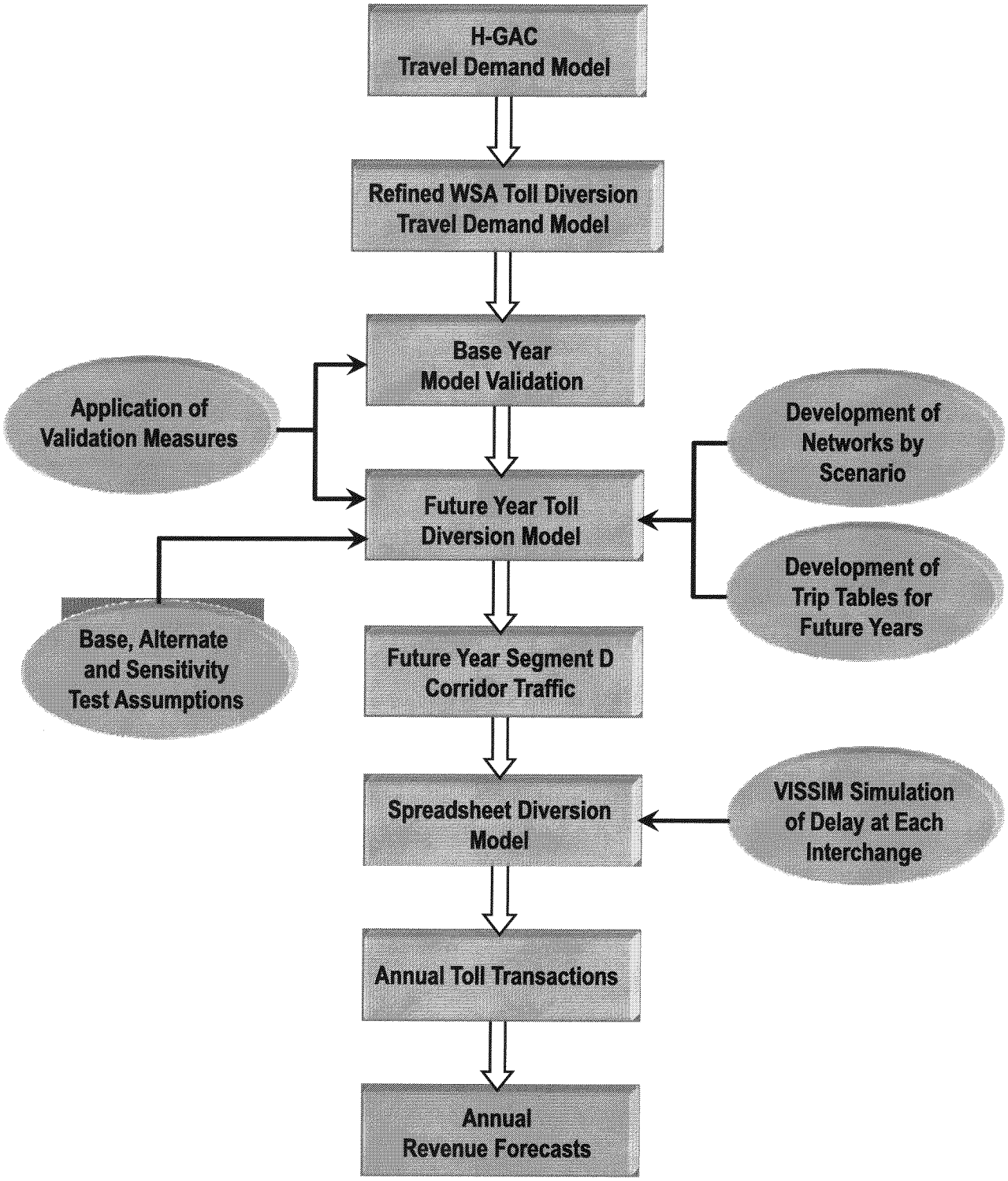
The demand on a toll facility is estimated by appropriate analysis, methodology, tools and assumptions. This has been accomplished by applying an updated travel demand model for the Houston region with appropriate refinements. This chapter explains the adopted toll analysis process for estimating volume of toll patrons and toll revenues generated in the future from Grand Parkway Segment D, followed by presentation of weekday and annual traffic and revenue forecasts.

This chapter first provides a brief outline of the regional model update and refinement process followed by description of other inputs used to update the model. These inputs include development of new origin-destination information from surveys as described in previous chapters, and adjustments made due to updated socio-economic datasets by the independent economist. In the following sections, the forecasting process is outlined by explaining the development processes of toll modeling components. Following this, a summary of the basic assumptions used for forecasting traffic and revenue for the Grand Parkway is presented. Finally, annual traffic and revenue forecasts produced from a series of future year model runs are presented.

TRAFFIC AND REVENUE FORECASTING PROCESS

A travel demand model was utilized to develop traffic and revenue forecasts. Figure 6-1 depicts a flow chart of the overall traffic and revenue forecasting process. The regional transportation planning area is defined by the regional Metropolitan Planning Organization (MPO) Houston-Galveston Area Council (H-GAC). The H-GAC Travel Demand Model is cooperatively developed and maintained by the H-GAC, the Texas Department of Transportation (TxDOT) and the Metropolitan Transit Authority (METRO). The H-GAC travel demand model was used as the foundation for developing a toll diversion model.

For the purposes of the study, the H-GAC model was converted into WSA standard toll diversion modeling framework. The model was then fine-tuned for base year through an



WilburSmith ASSOCIATES

TRAFFIC AND REVENUE FORECASTING PROCESS

FIGURE 6-1

application of appropriate validation measures. After the base year model validation, future year model datasets including future year networks and trip tables were developed. Future year traffic assignments were conducted for base, alternate and sensitivity scenarios developed for the study. For each scenario, the future year network and trip tables were then input to the validated toll diversion model to produce forecasted traffic demand for future years. The forecasted demand was then brought in a spreadsheet model where diversion around each tolling location was estimated using relationships from a VISSIM based model that simulated delay at each interchange. Toll transactions at each of the tolling locations were then extracted from the spreadsheet model and forecasts for interim and out years were interpolated and extrapolated, respectively. Toll revenues were then estimated from the transaction forecasts with toll rates applied at tolling zones.

The following sections describe the travel demand model input, highway network and trip table development processes, a toll diversion methodology adopted for this study, and an overview of key input parameters in the traffic and revenue forecasting process.

THE H-GAC REGIONAL TRAVEL DEMAND MODEL

The eight-county Houston-Galveston-Brazoria Consolidated Metropolitan Statistical Area (CMSA) has been federally designated as the Transportation Management Area (TMA) for the Houston-Galveston region. The eight counties that are included in this geography are Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery and Waller County. The Houston-Galveston TMA extends over an area of 7,809 square miles. Land Use and Demographic forecasts for the TMA are developed by H-GAC.

The H-GAC has designated 3,000 detailed traffic analysis zones (TAZs) in the Houston-Galveston TMA. This includes 2,954 internal zones and 46 external stations. The internal zones are entirely within the TMA and the external stations are used to capture external-external and external-local trips into and through the TMA.

For the purposes of this study along with the HCTRA Grand Parkway Segments E through G study, a focus area was demarcated along the alignment of Grand Parkway segments D through G corridor. This geographic area was selected for a detailed analysis of demographics and economic projections. Within the focus area, the TAZs were further split into even smaller zones for a fine grain analysis to provide best possible local socio-economic information of the geographic area which would feed traffic directly into the proposed Grand Parkway corridor.

BASE YEAR MODEL VALIDATION

Model validation tests the ability of the model to closely replicate the existing travel patterns before it can be used to estimate reliable forecasts. As mentioned previously, the model was fine-tuned for base year through an application of appropriate validation measures. These measures primarily include a detailed verification of the existing local

road network in the Segment D vicinity, posted and observed speeds through WSA reconnaissance and speed delay surveys, and reflecting the appropriate capacity on Segment D and other key routes in the vicinity of the project corridor.

Model validation was performed for year 2010 by comparing observed counts with estimated traffic volumes obtained from the base year 2010 model run. Before validation, screenlines were selected at locations across the Segment D focus area, mainly between SH 99 and Sam Houston Tollway limits, to capture traffic profiles in the area. On each of these screenlines, traffic counts were obtained from various sources and coded in the base year highway network. Base year validation was conducted to obtain reasonable matches between the observed and estimated traffic volumes at the screenlines.

HIGHWAY NETWORK DEVELOPMENT

The model network encompasses eight counties: Harris, Fort Bend, Brazoria, Montgomery, Galveston, Waller, Chambers and Liberty counties. This model area is represented by more than 3,400 traffic analysis zones after disaggregation. The base year model network was reviewed and adjusted based on current speed observations, number of lanes, and other link attributes including facility type, capacity, and link distance.

The future year networks were then reviewed against the current transportation improvement plans to confirm that committed and funded improvements were included. Following is a list of various sources of information which were used to develop future year networks including Segment D alignments and other key transportation corridors in the regional model.

1. SH 99 Segment D Diagrammatic Layout, by LJA Engineering, Inc.
2. SH 99 Business Terms and Conditions – Grand Parkway Project Description, adopted by stakeholders.
3. 2011-2014 Transportation Improvement Plan (TIP update 6/30/2010), by H-GAC.
4. 2035 Regional Transportation Plan (RTP update 1/21/2011), by H-GAC.

H-GAC adopted the 2035 RTP with total future revenues for transportation expenditures forecast to be $156.7 billion. However, the latest State forecast predicts much lower revenue from State and Federal motor fuels taxes. In order to reflect the revised revenue forecast through 2035 for the Houston region, which is approximately half of the previously adopted forecast, H-GAC released the latest 2035 RTP update in January 2011. According to H-GAC, many projects on the State system were removed as a consequence of the revised revenue forecast and updates have been made to project costs, limits, and scope. This lead to a resultant RTP totaling approximately $87 billion.

A major effort was made to review all TIP and RTP projects and to identify and select the projects which would potentially impact traffic on Grand Parkway, interstate highways,

and major arterials in the Houston metropolitan area. The selected projects mainly included new construction, managed lane and capacity expansion projects.

TRIP TABLE ADJUSTMENTS

The travel demand model used for the revenue estimation process is based on the forecasts of socioeconomic variables such as population, households, and employment. These socioeconomic forecasts are used to generate vehicular trips that are, in turn, assigned on the transportation network. WSA appointed an independent economist firm CDS to review and adjust the population and employment growth at five year intervals beginning 2010 from the H-GAC travel demand model. A summary of CDS' analysis is presented in Chapter 5 and a detailed report has been attached as Attachment B of this report. These forecasts were then used as an input to the WSA fine-tuned four step model to obtain adjusted trip tables.

TOLL DIVERSION METHODOLOGY

A toll diversion model was used to estimate the market share of toll and non-toll facilities based on factors such as value of time, operating cost, toll cost, and congestion. An algorithm was used to determine the minimum time path between each zone pair. The minimum time path may or may not include the use of toll facilities.

For the trips that may potentially use toll facilities, travel time and distance of the toll facility routing was compared with that of the best alternative route not involving a toll payment. A share of the total traffic moving between each pair of zones is then assigned to the toll facility routing, while the remaining portion is assigned to the best toll-free alternative route. The model's estimate of the toll facility's market share is a function of time savings, distance relationships, toll rate, and estimates of perceived value of time and vehicle operating costs by the motorists. As the cost of the toll facility routing increases when compared to the toll-free routing, the share of traffic using the toll road would decrease.

VALUES-OF-TIME AND VEHICLE OPERATING COSTS

Motorists' value of time (VOT), or willingness to pay tolls to reduce travel time and receive an improved level of service of travel, is estimated through a stated-preference survey conducted by RSG. As mentioned previously in Chapter 4, a detailed report of their analysis is presented in Attachment A. The VOT for future years were estimated by inflating to the respective year using an annual average 2.5 percent growth rate.

The vehicle operating cost used in the analysis was calculated by taking into account the average per-mile costs of gasoline and oil, and to a lesser extent, maintenance, and wear and tear of tires for vehicles in the area. For this study, it was assumed that fuel efficiency of vehicles would improve in future years. The average fuel efficiency of passenger cars was assumed to increase from approximately 27 miles per gallon in 2011

to about 40 miles per gallon in 2035. Future gasoline prices were assumed to remain at approximately $3.00 per gallon in real terms for the base case.

The resulting vehicle operating costs adopted for this study are shown in Table 6-1.

Table 6-1
Vehicle Operating Cost Rates
(nominal dollars per mile)

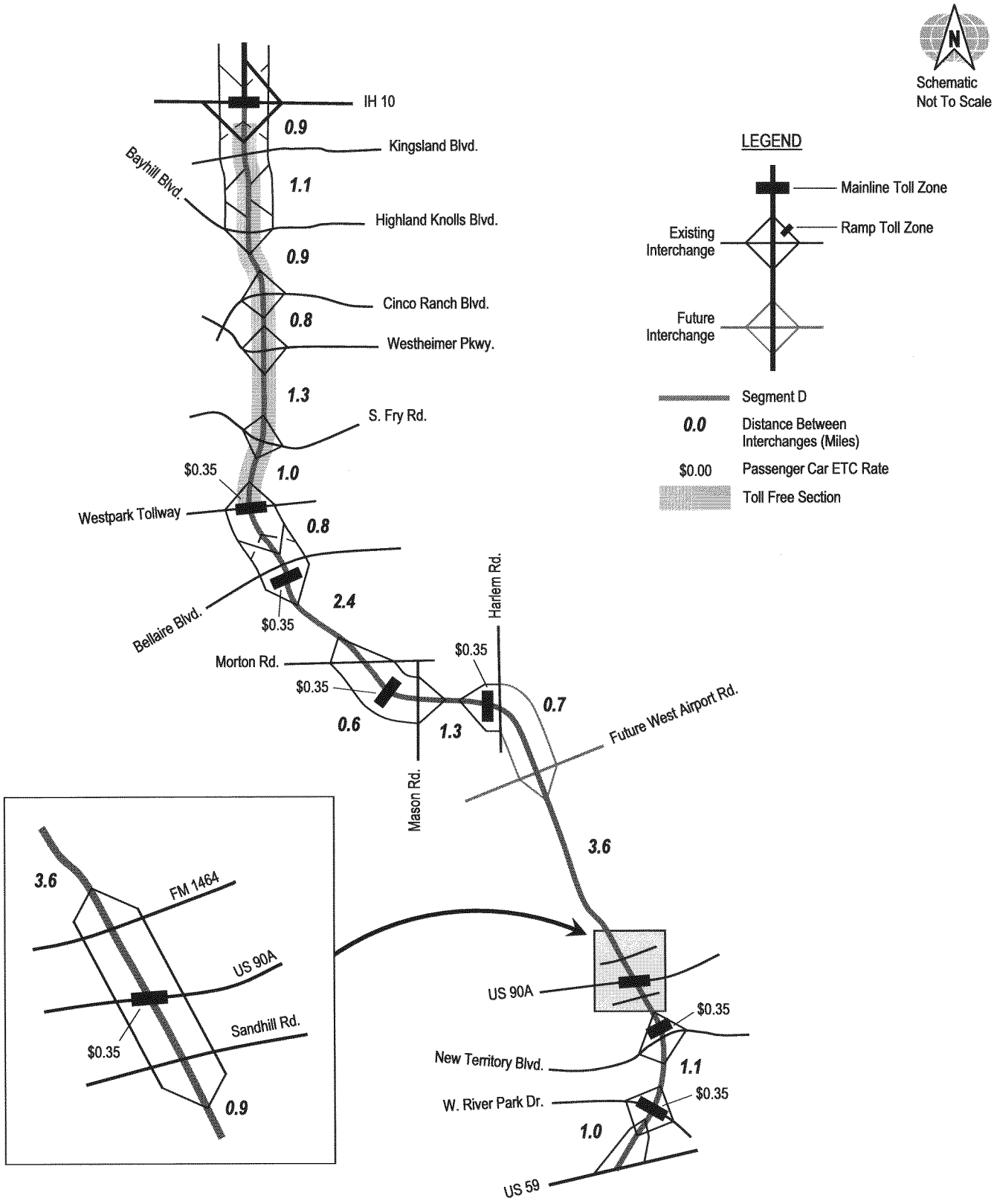
Year	Passenger Cars	Commercial Vehicles
2010	$0.185	$0.974
2011	0.189	0.995
2015	0.194	1.023
2020	0.208	1.093
2025	0.229	1.203
2035	0.275	1.446

TOLL RATES

The Segment D tolling plan comprises of seven mainline tolling locations. These comprise tolling plazas at the interchanges on Westpark Tollway, Bellaire Boulevard, Mason Road, Harlem Road, US 90A, New Territory Boulevard, and W. River Park Drive.

Toll rates for users on the Grand Parkway system would be established at an overall per-mile rate of $0.15 at base 2012 levels. A minimum toll of $0.35 (in 2012 prices) at each tolling location would be collected. Figure 6-2 presents the tolling configuration graphically at 2012 levels. This base year rate has subsequently been adopted in the terms of Primacy for the project. For purposes of estimating future toll levels, a nominal inflation assumption of 2.25 percent per year would be used for calculating future toll rates up to 2014 and 2.50 percent thereafter. The facility will utilize electronic tolling collection (ETC) only; it is assumed that no video tolling will be in use.

With these current tolling assumptions, a total (2012) base toll of $2.45 would be in effect for ETC customers for traveling through the entire length of Segment D. This represents a per-mile ETC toll rate of approximately 13.2 cents for travel on the whole of Segment D. For purposes of this study, the tolling configuration assumed for Segments E through G of the Grand Parkway corridor have been presented in Figure 6-3.


N
Schematic
Not To Scale
LEGEND
Mainline Toll Zone
Ramp Toll Zone
Existing Interchange
Future Interchange
Segment D
0.0 Distance Between Interchanges (Miles)
$0.00 Passenger Car ETC Rate
Toll Free Section
IH 10
0.9
Kingsland Blvd.
Bayhill Blvd.
1.1
Highland Knolls Blvd.
0.9
Cinco Ranch Blvd.
0.8
Westheimer Pkwy.
1.3
S. Fry Rd.
$0.35
1.0
Westpark Tollway
0.8
Bellaire Blvd.
$0.35
2.4
Morton Rd.
$0.35
Harlem Rd.
$0.35
0.7
Future West Airport Rd.
$0.35
0.6
1.3
Mason Rd.
3.6
3.6
FM 1464
US 90A
Sandhill Rd.
$0.35
0.9
US 90A
$0.35
New Territory Blvd.
1.1
W. River Park Dr.
$0.35
1.0
US 59

Schematic
Not To Scale



WilburSmith ASSOCIATES

TOLL RATES - SEGMENTS E, F AND G - 2012 LEVELS

FIGURE 6-3

OTHER BASIC ASSUMPTIONS

Traffic and revenue estimates for the proposed Grand Parkway were predicated on the following basic assumptions:

1. The various segments of Grand Parkway would be opened by January 1 of the years shown in Figure 1-2.
2. Cashless toll collection will be used for Grand Parkway Segment D; ETC-only will be utilized. Video tolling will not be used at any stage on Segment D corridor. Prior to 2025 it is assumed transponder usage will continue to grow as toll agencies move towards all electronic tolling and cash collection is phased out. Beginning in 2025, all vehicles in the region are assumed to be equipped for electronic toll collection.
3. Tolls on the existing HCTRA and Fort Bend County toll systems, along with those on future expansion sections and new toll road facilities, are all assumed to be increased annually at 2.25 percent until 2015 and 2.5 percent annually thereafter.
4. It is assumed that expansion to six lanes will take place on as-needed basis and capacity constraints have been applied in the peak periods in outer years where capacity constraints of the future six lane facility have exceeded.
5. The section of Segment D between I.H. 10 and Westpark Tollway will remain tollfree.
6. It is assumed signal timings on Segment D frontage roads will not adversely favor diversion around overpasses.
7. Revenue estimates have not been adjusted to reflect any estimates of leakage due to toll evasion or system failures. Any such adjustments for leakage should be made by others in the financial analysis.
8. No other competing facilities, toll or toll-free, beyond those included in the H-GAC regional transportation plan, and/or the toll road expansion programs of TxDOT, HCTRA and FBCTRA, shall be implemented within the forecast period.
9. Grand Parkway is assumed to be properly maintained, efficiently operated and appropriately promoted and signed to encourage maximum usage.
10. No national, regional or local emergency will occur which would abnormally restrict the use of motor vehicles for the duration of the forecast period.
11. Motor fuel will remain in adequate supply for the forecast period, and overall long term increases in price will not be substantially greater than the rate of inflation.

WSA anticipates that any significant departure from these key assumptions could have a material impact on traffic and revenue forecasts for the proposed Grand Parkway Segment D.

ESTIMATED AVERAGE WEEKDAY TRAFFIC

Future year traffic assignments were made using the refined model and modeling approach described above. Assignments were made at different year levels. Traffic assignments reflected typical "weekday" conditions; traffic volumes on weekends would tend to be lower, as would overall seven day average daily traffic conditions. The average weekday traffic demand were then run through the spreadsheet-based diversion model that estimated the market share based on the total though traffic at every interchange.

ESTIMATED 2020 WEEKDAY TRAFFIC

Figure 6-4 presents estimated weekday traffic on the proposed Grand Parkway Segment D in 2020. As can be noted, traffic on the mainline sections between I.H. 10 and Westpark Tollway is expected to reach almost 100,000 vehicles per day. This could be compared to almost 85,000 vehicles per day in the base year 2010.

The mainline sections south of Westpark are expected to carry approximately 70,000 vehicles per day. Specifically, the tolling locations at Westpark Tollway and US 90 overpasses are estimated to have 35,800 and 40,600 transactions, respectively. Market share of tolled transactions at each tolling location has been presented in Figure 6-5.

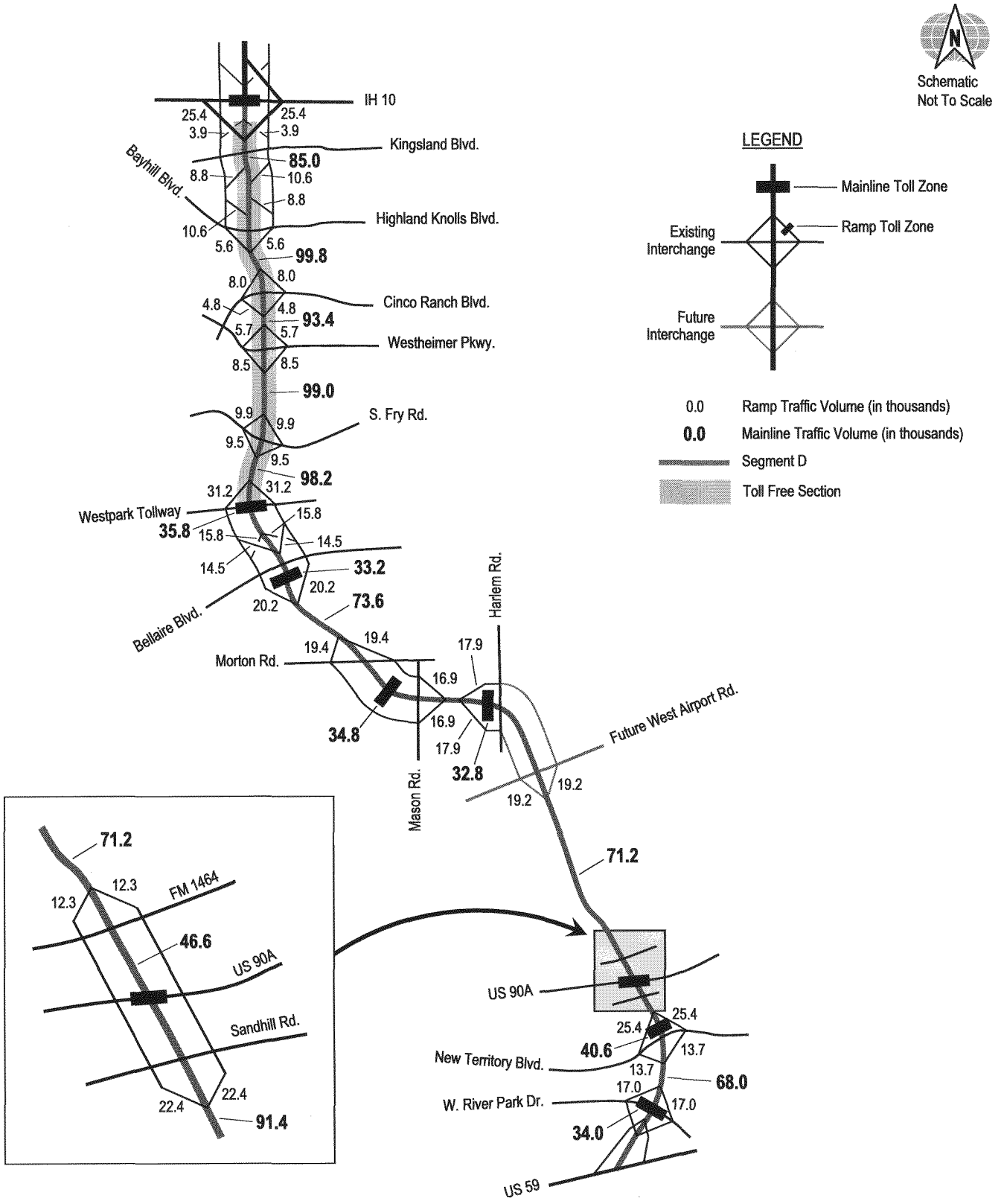
ESTIMATED 2035 WEEKDAY TRAFFIC

Figure 6-6 presents estimated weekday traffic on the proposed Grand Parkway Segment D in 2035. The mainline sections between I.H. 10 and Westpark Tollway are expected to carry approximately 145,000 vehicles per day. The proposed portion south of Westpark Tollway is expected to carry mainline traffic in the range of 114,400 to 135,200 vehicles per day. Looking at specific tolling zones at the Westpark Tollway and US 90 overpasses, estimated weekday transactions are 74,600 and 84,000 respectively. Market share of tolled transactions at each tolling location has been presented in Figure 6-7.

ESTIMATED ANNUAL TRANSACTIONS AND REVENUE

Table 6-2 below presents the base case traffic and toll revenue estimates for Grand Parkway Segment D through the year 2055. Also shown is the market share of tolled transactions based on the sum of through traffic at all tolling locations. Significant growth and usage of the tolled mainline overpasses is predicted to occur due to the projected growth of Fort Bend County, specifically the Grand Parkway corridor.

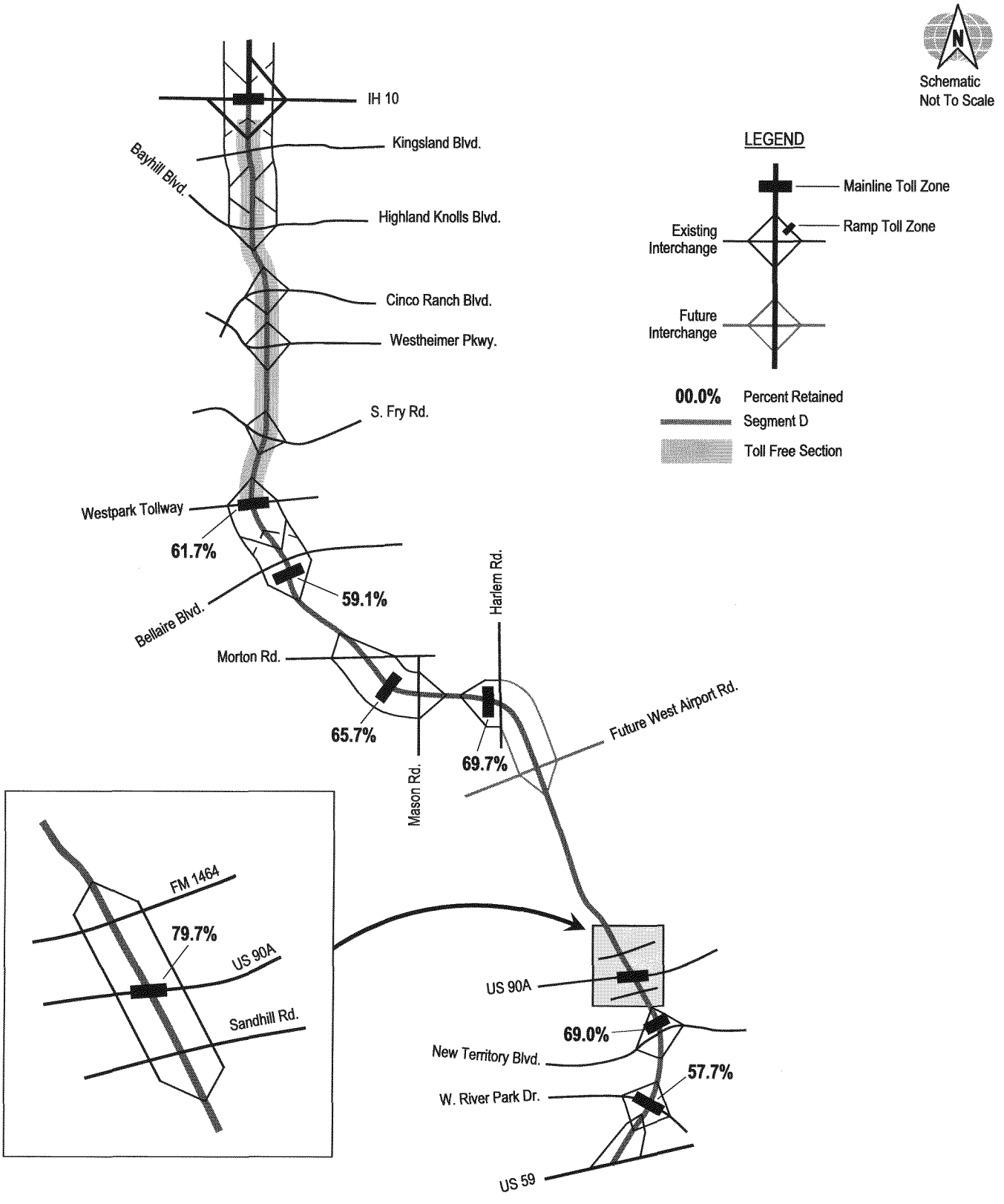
There are multiple factors contributing to the very optimistic toll feasibility potential of Segment D. These have been described throughout this comprehensive T&R study report and summarized briefly as follows:



ESTIMATED WEEKDAY TRAFFIC
SEGMENT D - 2020

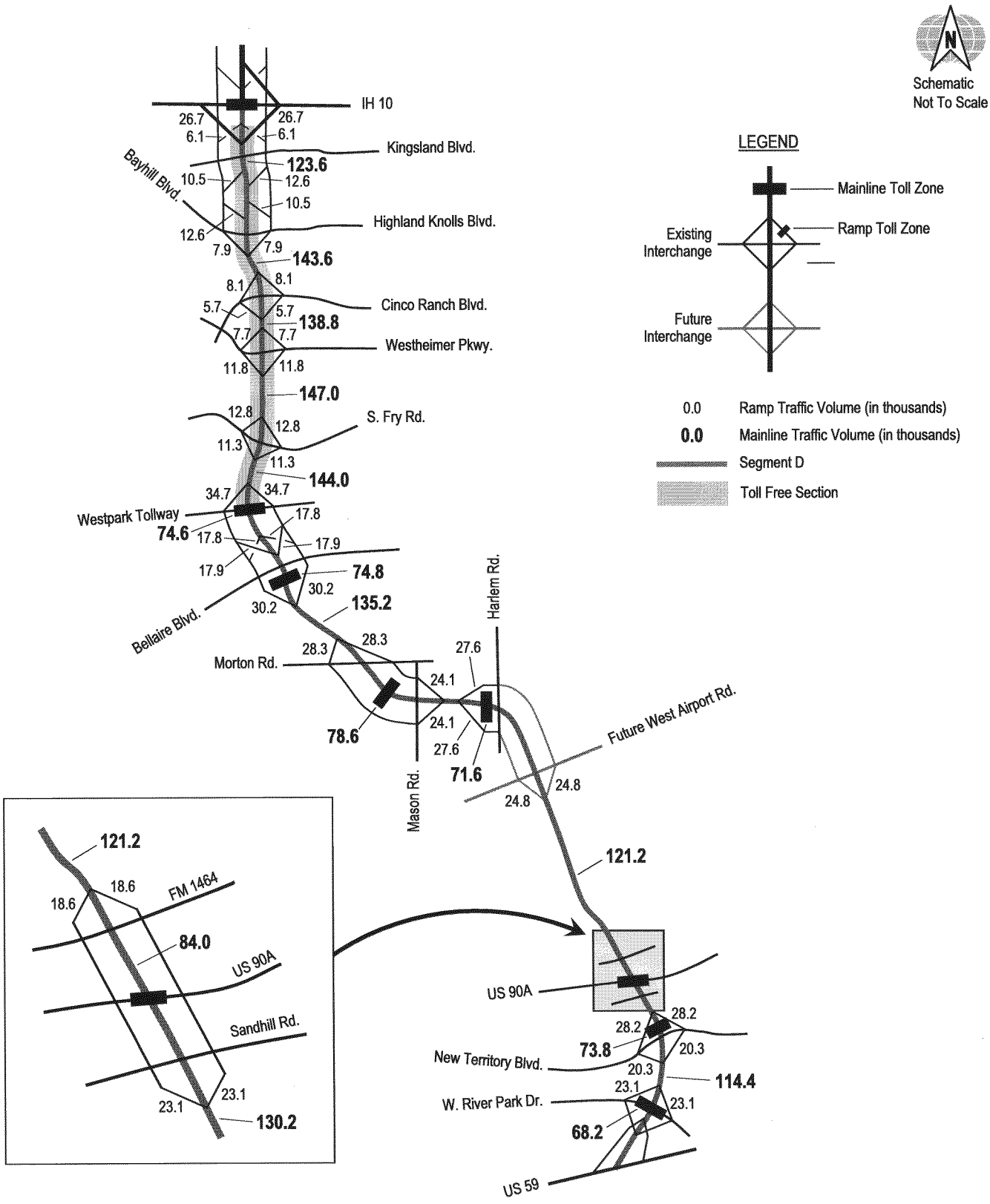
FIGURE 6-4

WilburSmith ASSOCIATES



TOLL TRANSACTIONS MARKET SHARE SEGMENT D - 2020

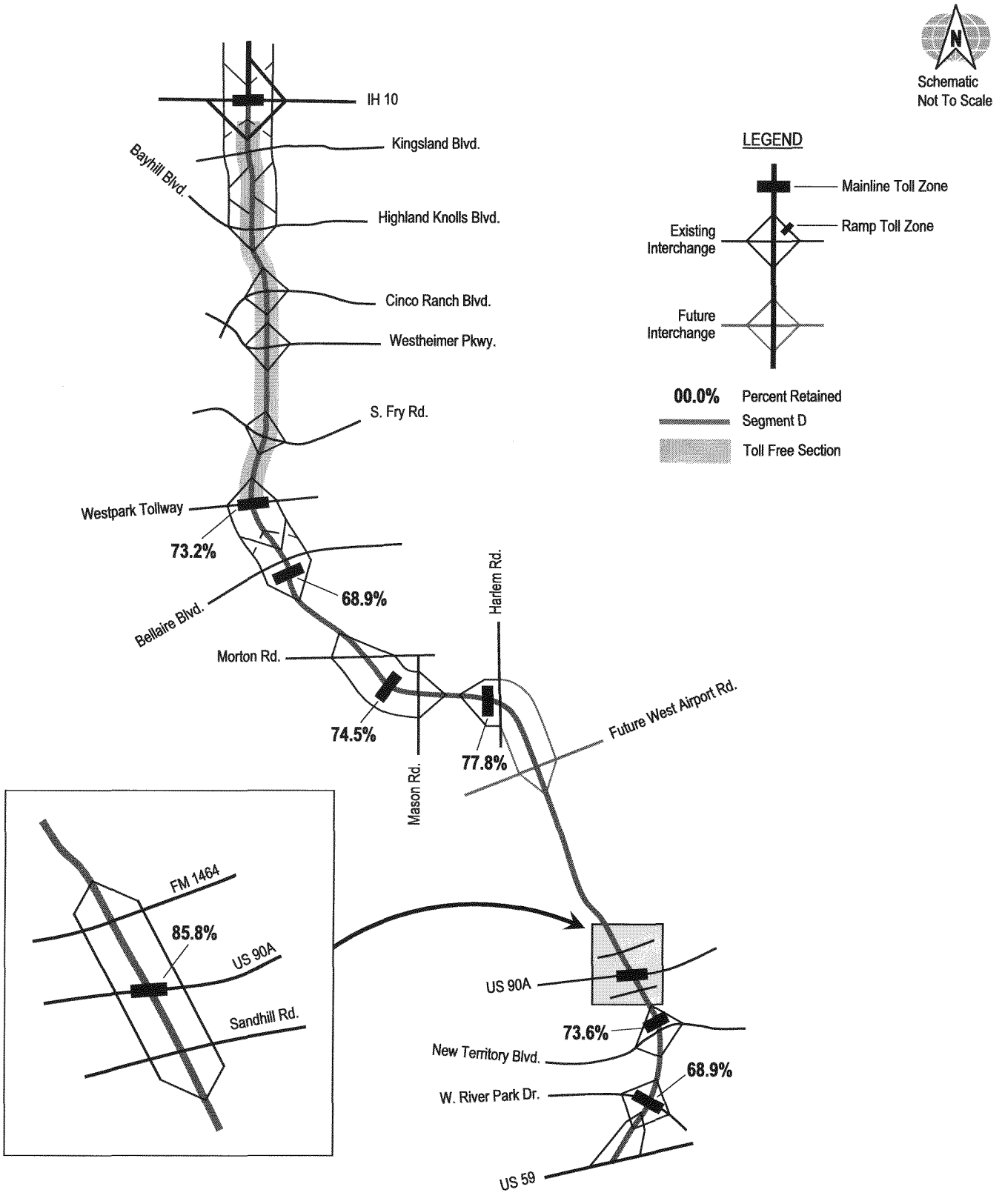
FIGURE 6-5



ESTIMATED WEEKDAY TRAFFIC
SEGMENT D - 2035

FIGURE 6-6

WilburSmith ASSOCIATES



TOLL TRANSACTIONS MARKET SHARE
SEGMENT D - 2035

FIGURE 6-7

Table 6-2
Grand Parkway Segment D - Annual Transactions and Toll Revenues at Tolled Overpasses
Base Case Forecast
(in thousands)
Including Ramp Up Effects

	Transactions				Sum of		Toll Revenues				
	Passenger Cars	Commercial Vehicles	Total Vehicles		Through Traffic	Market Share	Passenger Cars	Commercial Vehicles	Total Vehicles		Rev/Tr
2014 [1]	27,404	1,805	29,209		52,909	55.2%	$10,139	$1,986	$12,125		$0.42
2015 [2]	33,552	2,281	35,833	22.7%	63,077	56.8%	12,750	2,577	15,327	26.4%	0.43
2016	40,508	2,807	43,314	20.9%	74,064	58.5%	15,393	3,228	18,621	21.5%	0.43
2017 [3]	47,333	3,342	50,675	17.0%	84,087	60.3%	18,460	3,944	22,403	20.3%	0.44
2018	54,299	3,907	58,206	14.9%	93,673	62.1%	21,719	4,727	26,447	18.0%	0.45
2019 [4]	63,655	4,662	68,317	17.4%	106,704	64.0%	26,098	5,781	31,879	20.5%	0.47
2020	73,161	5,456	78,617	15.1%	119,100	66.0%	30,728	6,929	37,657	18.1%	0.48
2021	78,808	5,781	84,588	7.6%	126,859	66.7%	33,887	7,515	41,402	9.9%	0.49
2022 [5]	84,689	6,109	90,798	7.3%	134,802	67.4%	38,110	8,186	46,296	11.8%	0.51
2023	90,754	6,438	97,192	7.0%	142,838	68.0%	41,747	8,819	50,566	9.2%	0.52
2024	97,249	6,781	104,030	7.0%	151,344	68.7%	45,707	9,562	55,269	9.3%	0.53
2025	103,425	7,087	110,512	6.2%	159,139	69.4%	49,644	10,205	59,849	8.3%	0.54
2026	106,968	7,203	114,170	3.3%	163,244	69.9%	52,414	10,660	63,074	5.4%	0.55
2027	110,634	7,319	117,953	3.3%	167,459	70.4%	55,317	11,051	66,369	5.2%	0.56
2028	114,430	7,435	121,865	3.3%	171,789	70.9%	59,504	11,524	71,028	7.0%	0.58
2029	118,359	7,551	125,910	3.3%	176,236	71.4%	62,730	12,006	74,737	5.2%	0.59
2030	122,427	7,667	130,094	3.3%	180,803	72.0%	66,110	12,497	78,607	5.2%	0.60
2031	126,566	7,854	134,420	3.3%	185,494	72.5%	70,877	13,116	83,993	6.9%	0.62
2032 [6]	134,494	8,257	142,751	6.2%	195,634	73.0%	76,662	14,119	90,780	8.1%	0.64
2033	140,287	8,530	148,817	4.2%	202,517	73.5%	81,367	14,927	96,293	6.1%	0.65
2034	145,940	8,789	154,729	4.0%	209,083	74.0%	87,564	15,821	103,385	7.4%	0.67
2035	151,224	9,023	160,247	3.6%	215,011	74.5%	92,247	16,602	108,849	5.3%	0.68
2036	154,324	9,129	163,452	2.0%	218,170	74.9%	97,224	17,253	114,477	5.2%	0.70
2037	157,487	9,235	166,721	2.0%	221,375	75.3%	102,366	17,916	120,282	5.1%	0.72
2038	160,714	9,342	170,056	2.0%	224,627	75.7%	106,071	18,590	124,661	3.6%	0.73
2039	164,008	9,449	173,457	2.0%	227,927	76.1%	111,525	19,276	130,802	4.9%	0.75
2040	167,369	9,557	176,926	2.0%	231,275	76.5%	117,158	19,974	137,133	4.8%	0.78
2041	169,125	9,571	178,695	1.0%	232,822	76.8%	120,078	20,482	140,560	2.5%	0.79
2042	170,898	9,584	180,482	1.0%	234,380	77.0%	124,756	20,989	145,745	3.7%	0.81
2043	172,691	9,596	182,287	1.0%	235,948	77.3%	129,518	21,592	151,110	3.7%	0.83
2044	174,502	9,608	184,110	1.0%	237,527	77.5%	134,367	22,098	156,465	3.6%	0.85
2045	176,332	9,619	185,951	1.0%	239,116	77.8%	139,302	22,700	162,003	3.5%	0.87
2046	177,299	9,581	186,881	0.5%	239,998	77.9%	143,613	23,187	166,800	3.0%	0.89
2047	178,272	9,543	187,815	0.5%	240,884	78.0%	147,966	23,667	171,633	2.9%	0.91
2048	179,250	9,505	188,754	0.5%	241,773	78.1%	152,362	24,142	176,504	2.8%	0.94
2049	180,233	9,465	189,698	0.5%	242,665	78.2%	156,803	24,704	181,507	2.8%	0.96
2050	181,221	9,425	190,647	0.5%	243,560	78.3%	161,287	25,165	186,452	2.7%	0.98
2051	181,490	9,347	190,837	0.1%	243,728	78.3%	165,156	25,612	190,768	2.3%	1.00
2052	181,759	9,269	191,028	0.1%	243,897	78.3%	170,853	26,046	196,900	3.2%	1.03
2053	182,028	9,191	191,219	0.1%	244,065	78.3%	174,747	26,470	201,217	2.2%	1.05
2054	182,298	9,112	191,410	0.1%	244,233	78.4%	178,652	26,882	205,534	2.1%	1.07
2055	182,568	9,034	191,602	0.1%	244,402	78.4%	184,394	27,282	211,676	3.0%	1.10

Source: WSA Estimates, April 2011
[1] Opening year for Segment D
[2] Opening year for Segments E and F
[3] Opening year for Segment G
[4] Opening year for Segment C
[5] Opening year for Segments B and portion of I-2
[6] Opening year for Segments H, I-1 and remaining portion of I-2

1. The Segment D corridor has significant existing travel demand. The existing highway at the northern end of Segment D is already well-trafficked and demonstrates a high level of overall demand for travel in the corridor. The central and southern sections would be expected to develop in a similar manner as additional growth occurs in the corridor. Current development plans and the forecasts provided by the independent economist confirm this future growth potential;
2. There is a consensus amongst forecasters that the Region and Fort Bend County in particular will continue to be a high growth area. It has also been recognized that growth in the region is not uniform and is likely to continue to grow to the west of the City of Houston for some time;
3. The corridor's growth potential is further strengthened if local and State transportation budgets continue to be constrained. Future growth and mobility will have to be accommodated by toll road construction. The future transportation plans do include a growth in lane miles in Fort Bend County and the region but not in proportion to the forecasted population growth. If so, the Grand Parkway will be the focus of development growth during the forecast horizon;
4. There is evidence from other toll facilities in the region that the population understands and capitalizes on the benefits of toll roads and there is already a high level of transponder ownership in the region;
5. Toll facilities in the region are successful. Most have witnessed incredible growth and ramp-up of traffic in the early years after opening;
6. Fort Bend County is a high-income area. Specific local values of time were estimated for the corridor and used in the modeling to estimate the level of toll diversion as conditions changed over time; and
7. Delays at the interchange will worsen over time as local traffic grows resulting in increasing market share and willingness to pay for usage of the tolled mainline overpasses.

Chapter 7 presents several analyses that quantify the impact of varying key future assumptions that differ from the base case assumptions.

* * *

DISCLAIMER

Current accepted professional practices and procedures were used in the development of these traffic and revenue forecasts. However, as with any forecast of the future, it should be understood that there may be differences between forecasted and actual results caused by events and circumstances beyond the control of the forecasters. In formulating its forecasts, WSA has reasonably relied upon the accuracy and completeness of information provided (both written and oral) by the local and state agencies. WSA also has relied upon the reasonable assurances of some independent parties and are not aware of any facts that would make such information misleading.

WSA has made qualitative judgments related to several key variables in the development and analysis of the traffic and revenue forecasts that must be considered as a whole; therefore selecting portions of any individual result without consideration of the intent of the whole may create a misleading or incomplete view of the results and the underling methodologies used to obtain the results. WSA gives no opinion as to the value or merit to partial information extracted from this report.

All estimates and projections reported herein are based on WSA' experience and judgment. These estimates and projections may not be indicative of actual or future values, and are therefore subject to substantial uncertainty. Future developments cannot be predicted with certainty, and may affect the estimates or projections expressed in this report, such that WSA does not specifically guarantee or warrant any estimate or projections contained within this report.

While WSA believes that some of the projections or other forward-looking statements contained within the report are based on reasonable assumptions as of the date in the report, such forward looking statements involve risks and uncertainties that may cause actual results to differ materially from the results predicted. Therefore, following the date of this report, WSA will take no responsibility or assume any obligation to advise of changes that may affect its assumptions contained within the report, as they pertain to: socioeconomic and demographic forecasts, proposed residential or commercial land use development projects and/or potential improvements to the regional transportation network.

CHAPTER 7

ALTERNATE TRAFFIC AND REVENUE FORECASTS AND SENSITIVITY TESTS

Base case traffic and revenue forecasts for the proposed Grand Parkway Segment D corridor were presented in Chapter 6. As mentioned in the chapter, the base case forecast assumes construction of Segment D of the Grand Parkway followed by a phased opening for all other segments for the entire Grand Parkway project.

This chapter presents traffic and revenue estimates for an alternate scenario assuming construction of 'Segment D only' and a no-build assumption of other segments of the Grand Parkway project.

Finally, this chapter presents a series of sensitivity tests. This provides a comparison of annual transactions and toll revenue estimates at 2015 and 2035 levels against the base case forecast of four hypothetical future sensitivity scenarios relating to future gasoline prices and economic growth.

ALTERNATE ANNUAL T&R ESTIMATES – 'SEGMENT D ONLY'

Table 7-1 presents transactions and toll revenue estimates for the alternate scenario. In addition, to the necessary network refinements required to represent the build-out for 'Segment D only', this assumes a somewhat lower growth in socio-economics for the entire Grand Parkway corridor.

Traffic and revenue is 15.0 percent to 20.0 percent lower throughout the forecast period as compared to the base case forecast presented in Chapter 6. Commercial vehicle traffic is predicted to be approximately 25.0 percent to 30.0 percent lower. The toll-paying market share of through traffic is also lower.

Table 7-1
Grand Parkway Segment D - Annual Transactions and Toll Revenues at Tolled Overpasses
Alternative Case - Segment D Only
(in thousands)
Including Ramp Up Effects

	Transactions				Sum of		Toll Revenues				
	Passenger Cars	Commercial Vehicles	Total Vehicles		Through Traffic	Market Share	Passenger Cars	Commercial Vehicles	Total Vehicles		Rev/Tr
2014 [1]	27,404	1,805	29,209		54,066	54.0%	$10,139	$1,986	$12,125		$0.42
2015	32,564	2,215	34,779	19.1%	62,794	55.4%	12,374	2,503	14,877	22.7%	0.43
2016	38,276	2,645	40,921	17.7%	72,048	56.8%	14,545	3,042	17,587	18.2%	0.43
2017	42,750	3,001	45,752	11.8%	78,445	58.3%	16,673	3,541	20,214	14.9%	0.44
2018	47,758	3,405	51,164	11.8%	85,429	59.9%	19,103	4,120	23,224	14.9%	0.45
2019	53,365	3,863	57,229	11.9%	93,058	61.5%	21,880	4,791	26,670	14.8%	0.47
2020	59,644	4,384	64,028	11.9%	101,391	63.1%	25,051	5,567	30,618	14.8%	0.48
2021	64,251	4,564	68,815	7.5%	107,463	64.0%	27,628	5,934	33,562	9.6%	0.49
2022	69,228	4,749	73,976	7.5%	113,923	64.9%	31,152	6,363	37,516	11.8%	0.51
2023	74,605	4,936	79,541	7.5%	120,796	65.8%	34,318	6,762	41,080	9.5%	0.52
2024	80,415	5,126	85,541	7.5%	128,111	66.8%	37,795	7,227	45,023	9.6%	0.53
2025	85,890	5,268	91,158	6.6%	134,616	67.7%	41,227	7,586	48,813	8.4%	0.54
2026	89,511	5,287	94,798	4.0%	139,239	68.1%	43,860	7,825	51,685	5.9%	0.55
2027	93,286	5,300	98,586	4.0%	144,025	68.5%	46,643	8,003	54,646	5.7%	0.55
2028	97,223	5,305	102,528	4.0%	148,980	68.8%	50,556	8,223	58,779	7.6%	0.57
2029	101,329	5,303	106,631	4.0%	154,110	69.2%	53,704	8,431	62,136	5.7%	0.58
2030	105,610	5,292	110,902	4.0%	159,421	69.6%	57,030	8,626	65,655	5.7%	0.59
2031	109,895	5,452	115,347	4.0%	164,920	69.9%	61,541	9,106	70,647	7.6%	0.61
2032	114,357	5,618	119,974	4.0%	170,614	70.3%	65,183	9,606	74,790	5.9%	0.62
2033	119,003	5,788	124,790	4.0%	176,510	70.7%	69,021	10,129	79,150	5.8%	0.63
2034	123,841	5,963	129,804	4.0%	182,615	71.1%	74,305	10,733	85,038	7.4%	0.66
2035	128,879	6,143	135,022	4.0%	188,937	71.5%	78,616	11,303	89,919	5.7%	0.67
2036	131,838	6,222	138,060	2.3%	192,510	71.7%	83,058	11,759	94,817	5.4%	0.69
2037	134,865	6,301	141,167	2.3%	196,151	72.0%	87,663	12,224	99,887	5.3%	0.71
2038	137,962	6,381	144,343	2.3%	199,861	72.2%	91,055	12,698	103,753	3.9%	0.72
2039	141,129	6,461	147,591	2.3%	203,641	72.5%	95,968	13,181	109,149	5.2%	0.74
2040	144,370	6,542	150,911	2.3%	207,492	72.7%	101,059	13,672	114,731	5.1%	0.76
2041	146,240	6,558	152,798	1.3%	209,757	72.8%	103,830	14,034	117,864	2.7%	0.77
2042	148,134	6,574	154,708	1.3%	212,046	73.0%	108,138	14,396	122,534	4.0%	0.79
2043	150,053	6,588	156,641	1.2%	214,360	73.1%	112,540	14,824	127,364	3.9%	0.81
2044	151,997	6,603	158,600	1.3%	216,700	73.2%	117,038	15,186	132,224	3.8%	0.83
2045	153,966	6,616	160,582	1.2%	219,064	73.3%	121,633	15,615	137,247	3.8%	0.85
2046	155,575	6,613	162,188	1.0%	221,346	73.3%	126,016	16,003	142,019	3.5%	0.88
2047	157,201	6,609	163,810	1.0%	223,651	73.2%	130,477	16,390	146,866	3.4%	0.90
2048	158,844	6,604	165,448	1.0%	225,980	73.2%	135,017	16,774	151,791	3.4%	0.92
2049	160,504	6,598	167,102	1.0%	228,333	73.2%	139,639	17,221	156,860	3.3%	0.94
2050	162,182	6,592	168,773	1.0%	230,710	73.2%	144,342	17,600	161,941	3.2%	0.96
2051	163,065	6,552	169,617	0.5%	232,190	73.1%	148,389	17,952	166,341	2.7%	0.98
2052	163,954	6,511	170,465	0.5%	233,679	72.9%	154,117	18,297	172,414	3.7%	1.01
2053	164,847	6,470	171,318	0.5%	235,178	72.8%	158,253	18,635	176,888	2.6%	1.03
2054	165,745	6,429	172,174	0.5%	236,686	72.7%	162,430	18,965	181,396	2.5%	1.05
2055	166,648	6,387	173,035	0.5%	238,204	72.6%	168,315	19,288	187,603	3.4%	1.08

Source: WSA Estimates, April 2011
[1] Opening year for Segment D

SENSITIVITY TESTS

The base case and alternate forecasts for the Segment D of Grand Parkway corridor shown previously are based on certain assumptions of future economic growth, assumed gasoline prices and other factors. As noted previously, any forecast of the future is subject to considerable uncertainty. As such, most traffic and revenue forecasts to be used in support of project financing typically include sensitivity tests; in general these are intended to provide a general measure of the potential impact on the revenue forecasts associated with hypothetical changes in certain basic assumptions. These sensitivity tests provide a comparison with base and alternate case transaction and revenue forecasts as shown previously.

In all cases, the sensitivity tests were run for two discrete analysis years, namely 2015 and 2035. Three different sensitivity tests for the base case and one test for the alternate were run and forecast which are described briefly below.

HIGHER GAS PRICES

The United States experienced a significant increase in motor fuel prices in the summer of 2008, with prices reaching on average, higher than $4.25 per gallon nationally. Recent increases in gas prices have also raised concerns with average gas prices exceeding $4.00 in recent months. However, Houston area gas prices have averaged under $3.00 for the past 12 months and have only exceeded $3.00 for two short periods in the last six years. The study assumed in the base case and alternate case that gas prices would gradually return to about $3.00 and then increase in proportion to inflation thereafter.

A sensitivity test was performed assuming gas prices increase to $5.00 in real terms in 2015 and 2035. Vehicle operating cost factors were adjusted. More importantly, it was assumed that $5.00 gasoline prices would also result in a reduction in total regional travel of approximately 6.5 percent for purposes of this test.

REDUCED LONG-TERM ECONOMIC GROWTH

The base case forecasts were predicated upon the regional socio-economic growth forecasts developed by the independent economist CDS. These forecasts were reviewed for reasonableness and determined to be sufficient to provide a reasonable basis of long-term traffic projections on the future Grand Parkway corridor. However, WSA also tested an alternative economic growth scenario assuming a 25 percent lower rate of economic growth throughout the region. This sensitivity test was performed for the base and alternate case forecasts.

These hypothetical cases were simulated by simply adjusting the rate of growth in trip tables developed from CDS socioeconomic forecast in each of the analysis years. Specifically, the rate of growth between 2010 and 2015 was adjusted down by 25 percent

from the base case traffic growth forecast developed from socioeconomic forecasts provided by CDS.

H-GAC Socio-economics

As mentioned previously, the base case forecasts are based upon the regional socio-economic growth developed as a result of an independent analysis by CDS. WSA tested an alternative socio-economic growth scenario based on the regional forecasts as adopted by H-GAC in their latest update from December 2010. We understand that H-GAC have not fully updated their socio-economics and that their next model version will be closer to the CDS forecasts. However, this sensitivity test is useful as a very-low-case scenario of growth. It should be noted that all other components in WSA models for 2015 and 2035 were kept the same but the trips tables, which were replaced by the ones produced from the H-GAC regional socio-economic forecast.

Summary of Sensitivity Results

A concise summary of the sensitivity tests results is shown in Table 7-2. The upper line in the table shows base case transaction and revenue forecast for the Segment D at 2015 and 2035 levels. For each of the sensitivity test scenarios described above, an alternative transactions and revenue forecast is shown for each year, together with a calculation of the net impact on transactions and revenue and the percentage impact on transactions and revenue plus or minus. The lower block in Table 7-2 presents net and percentage impact on Segment D total transactions and revenue compared to the alternate case forecast scenario with 'Segment D only'.

It is evident from Table 7-2 that the scenario tested for increased gas prices is estimated to lower transactions by 14.3 percent in 2015 and 8.5 percent in 2035. Transactions on Segment D are estimated to reduce to 30.7 million in 2015 compared to 35.8 million in the base case forecast in the year 2015 and to 146.7 million from 160.2 million in the year 2035.

The decreased long-term economic growth scenario results in 15.9 percent reduction in transactions and revenue in 2015. In this scenario, Segment D is estimated to have a total of 30.1 million transactions in 2015, observing a net impact of 5.7 million transactions. Similar impacts of 22.1 percent were estimated for the decreased long-term growth scenario for 2035. The total transactions on Segment D are estimated to reduce to 124.8 million, reflective of a net impact of 35.5 million transactions.

The sensitivity test run with the trip-tables based on H-GAC socio-economic growth forecasts predicts approximately 10.1 million less transactions in 2015 and 52.8 million less transactions in 2035. This translates to a negative impact of 28.3 percent and 32.9 percent in years 2015 and 2035, respectively as compared to the base case forecast.

Table 7-2
Sensitivity Test Results
(thousands)

Scenario	Annual Transactions 2015	Annual Transactions 2035	Toll Revenue 2015	Toll Revenue 2035
Base Case Forecast	35,833	160,247	$15,327	$108,849
Higher Gasoline Price [1]	30,717	146,662	$13,139	$99,621
Difference (vs Base)	*(5,116)*	*(13,586)*	*(2,188)*	*(9,228)*
Percent Difference (vs Base)	*-14.3%*	*-8.5%*	*-14.3%*	*-8.5%*
Lower Economic Growth [2]	30,134	124,769	$12,890	$84,750
Difference (vs Base)	*(5,698)*	*(35,479)*	*(2,437)*	*(24,099)*
Percent Difference (vs Base)	*-15.9%*	*-22.1%*	*-15.9%*	*-22.1%*
Outdated H-GAC Socio-economics [3]	25,696	107,463	$10,991	$72,995
Difference (vs Base)	*(10,136)*	*(52,784)*	*(4,336)*	*(35,854)*
Percent Difference (vs Base)	*-28.3%*	*-32.9%*	*-28.3%*	*-32.9%*
Alternate Forecast - Segment D only	34,779	135,022	$14,877	$89,919
Lower Economic Growth [2]	29,198	104,229	$12,490	$69,412
Difference (vs Alternate)	*(5,581)*	*(30,793)*	*(2,387)*	*(20,507)*
Percent Difference (vs Alternate)	*-16.0%*	*-22.8%*	*-16.0%*	*-22.8%*

Source: WSA Estimates, April 2011
[1] Assumes gasoline prices increase to $5/gallon.
[2] Assumes decrease of 25 precent over base trip table growth.
[3] Assumes trip tables produced from H-GAC socio-economic data.

The sensitivity scenario tested for lower economic growth on the alternate case forecast resulted in a decrease of 16.0 percent on transactions resulting in a net impact of 5.6 million in absolute terms for 2015. The year 2035 is estimated to have a negative impact of 22.8 percent on transactions resulting to a net impact of 30.8 million transactions.

APPENDIX B

CASH FLOW PROJECTIONS

The tables in this appendix provide certain information relating to the Bonds. Included in the tables are cash flow illustrations of gross and net revenues of the Fort Bend Grand Parkway, which constitute a portion of the Trust Estate under the Indenture. At the time of printing, the Authority does not have any toll road projects opened. Therefore, the revenues and expenses are purely estimates and are therefore speculative in nature.

The revenue illustrations are derived from the traffic and revenue study dated June 2011 (the "Traffic and Revenue Study") prepared by Wilbur Smith Associates (now CDM Smith Inc.) in connection with the Fort Bend Grand Parkway. See Appendix A. The Traffic and Revenue Study contains many assumptions. The actual results of the Fort Bend Grand Parkway may vary materially from those assumptions. The Authority cannot predict with any certainty what the anticipated traffic counts and associated revenues will be on the Fort Bend Grand Parkway. In addition, the maintenance and operations expenses are based on a cost per toll transaction and utilize the same traffic count projections contained in the Traffic and Revenue Study. To the extent the actual traffic counts differ from those contained in the reports, the maintenance and operations expenses will experience a corresponding change.

Therefore, the tables included in this Appendix B are provided solely for illustration. The Authority makes no guaranty or warranty that the Fort Bend Grand Parkway will ever generate sufficient net revenues to cover the debt service on the Bonds.

Illustrative Cash Flow and Debt Service Coverage

Fort Bend Grand Parkway Toll Road Authority
Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012

Calendar Year	Projected Revenues[1]	Less: Projected Annual Transaction Expense [2]	Less: Projected Annual Maintenance & Operating Expense [3]	Projected Revenues Available for Debt Service	Projected Net Debt Service [4]	Projected Net Debt Service Coverage Ratio	Annual Projected Net Revenue After Debt Service and Expenses	Calendar Year
2012	-	-	-	-	-	-	-	2012
2013	-	-	-	-	-	-	-	2013
2014	12,125,000	(2,920,900)	(1,250,000)	7,954,100	-	-	7,954,100	2014
2015	15,327,000	(3,583,300)	(1,500,000)	10,243,700	-	-	10,243,700	2015
2016	18,621,000	(4,331,500)	(1,530,000)	12,759,500	8,751,268	1.46	4,008,232	2016
2017	22,403,000	(5,067,500)	(1,560,600)	15,774,900	8,991,250	1.75	6,783,650	2017
2018	26,447,000	(5,820,600)	(1,591,812)	19,034,588	8,991,250	2.12	10,043,338	2018
2019	31,879,000	(6,831,700)	(1,623,648)	23,423,652	8,991,250	2.61	14,432,402	2019
2020	37,657,000	(7,861,700)	(1,656,121)	28,139,179	8,991,250	3.13	19,147,929	2020
2021	41,402,000	(8,458,900)	(1,689,244)	31,253,856	10,161,250	3.08	21,092,606	2021
2022	46,296,000	(9,079,800)	(1,723,029)	35,493,171	11,539,375	3.08	23,953,796	2022
2023	50,566,000	(9,719,200)	(1,757,489)	39,089,311	12,707,250	3.08	26,382,061	2023
2024	55,269,000	(10,403,000)	(1,792,639)	43,073,361	12,696,875	3.39	30,376,486	2024
2025	59,849,000	(11,051,200)	(1,828,492)	46,969,308	12,686,500	3.70	34,282,808	2025
2026	63,074,000	(11,417,100)	(1,865,061)	49,791,839	12,670,750	3.93	37,121,089	2026
2027	66,369,000	(11,795,300)	(1,902,363)	52,671,337	12,659,125	4.16	40,012,212	2027
2028	71,028,000	(12,186,500)	(1,940,410)	56,901,090	12,650,875	4.50	44,250,215	2028
2029	74,737,000	(12,591,000)	(1,979,218)	60,166,782	12,635,500	4.76	47,531,282	2029
2030	78,607,000	(13,009,400)	(2,018,803)	63,578,797	12,622,500	5.04	50,956,297	2030
2031	78,607,000	(13,009,400)	(2,018,803)	63,578,797	12,611,125	5.04	50,967,672	2031
2032	78,607,000	(13,009,400)	(2,018,803)	63,578,797	12,595,750	5.05	50,983,047	2032
2033	78,607,000	(13,009,400)	(2,018,803)	63,578,797	12,580,750	5.05	50,998,047	2033
2034	78,607,000	(13,009,400)	(2,018,803)	63,578,797	12,570,250	5.06	51,008,547	2034
2035	78,607,000	(13,009,400)	(2,018,803)	63,578,797	12,553,500	5.06	51,025,297	2035
2036	78,607,000	(13,009,400)	(2,018,803)	63,578,797	12,539,750	5.07	51,039,047	2036
2037	78,607,000	(13,009,400)	(2,018,803)	63,578,797	12,523,125	5.08	51,055,672	2037
2038	78,607,000	(13,009,400)	(2,018,803)	63,578,797	12,512,625	5.08	51,066,172	2038
2039	78,607,000	(13,009,400)	(2,018,803)	63,578,797	12,492,375	5.09	51,086,422	2039
2040	78,607,000	(13,009,400)	(2,018,803)	63,578,797	12,481,375	5.09	51,097,422	2040
2041	78,607,000	(13,009,400)	(2,018,803)	63,578,797	12,463,500	5.10	51,115,297	2041
2042	78,607,000	(13,009,400)	(2,018,803)	63,578,797	12,447,750	5.11	51,131,047	2042
2043	78,607,000	(13,009,400)	(2,018,803)	63,578,797	12,428,000	5.12	51,150,797	2043
2044	78,607,000	(13,009,400)	(2,018,803)	63,578,797	12,413,000	5.12	51,165,797	2044
2045	78,607,000	(13,009,400)	(2,018,803)	63,578,797	12,396,375	5.13	51,182,422	2045
2046	78,607,000	(13,009,400)	(2,018,803)	63,578,797	12,376,875	5.14	51,201,922	2046
	$ 2,029,368,000	$ (354,279,000)	$ (61,509,768)	$ 1,613,579,232	$ 367,732,393		$ 1,245,846,839	

NOTES:

(1) Revenues taken from Appendix A, CDM Smith Inc. (formerly Wilbur Smith & Associates), Table 6-2, dated April 15, 2011 (with bring down letter dated June 25, 2012). For periods after 2030, revenues have been assumed to remain constant (including no adjustment for inflation).

(2) Assumed at $0.10 per transaction, per Fort Bend Grand Parkway Toll Road Authority estimate. Estimated transactions are from Appendix A, Table 6-2 (see Note 1). Transactions estimate is held constant after 2030.

(3) Based on maintenance and operating estimates from Fort Bend Grand Parkway Toll Road Authority.

(4) Based on an estimated project fund deposit of $150,548,410. Assumes an interest rate of 5.00%. Net of capitalized interest.

This is a projection of cash flow based on assumptions, current market conditions, and a flow of funds that allows for the accumulation of reserves. These cash flows will change based on market conditions at the time of the sale of the bonds, actual revenues and investment income, and actual construction costs and timing. There are usually differences in estimated and actual revenues because events and circumstances frequently do not occur as expected. Such differences may be material.

Illustrative Cash Flow and Debt Service Coverage with Discount

Fort Bend Grand Parkway Toll Road Authority
Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012

Calendar Year	Projected Revenues[1]	Multiplier[2]	Adjusted Projected Revenues [2]	Less: Projected Annual Transaction Expense [3]	Less: Projected Annual Maintenance & Operating Expense [4]	Projected Revenues Available for Debt Service	Projected Net Debt Service [5]	Projected Net Debt Service Coverage Ratio	Annual Projected Net Revenue After Debt Service and Expenses	Calendar Year
2012	-			-	-	-	-	-	-	2012
2013	-		-	-	-	-	-	-	-	2013
2014	12,125,000	70.00%	8,487,500	(2,044,630)	(1,250,000)	5,192,870	-	-	5,192,870	2014
2015	15,327,000	70 00%	10,728,900	(2,508,310)	(1,500,000)	6,720,590	-	-	6,720,590	2015
2016	18,621,000	70 00%	13,034,700	(3,032,050)	(1,530,000)	8,472,650	8,751,268	0.97	(278,618)	2016
2017	22,403,000	70 00%	15,682,100	(3,547,250)	(1,560,600)	10,574,250	8,991,250	1.18	1,583,000	2017
2018	26,447,000	70.00%	18,512,900	(4,074,420)	(1,591,812)	12,846,668	8,991,250	1.43	3,855,418	2018
2019	31,879,000	70.00%	22,315,300	(4,782,190)	(1,623,648)	15,909,462	8,991,250	1 77	6,918,212	2019
2020	37,657,000	70 00%	26,359,900	(5,503,190)	(1,656,121)	19,200,589	8,991,250	2.14	10,209,339	2020
2021	41,402,000	70.00%	28,981,400	(5,921,230)	(1,689,244)	21,370,926	10,161,250	2 10	11,209,676	2021
2022	46,296,000	70 00%	32,407,200	(6,355,860)	(1,723,029)	24,328,311	11,539,375	2 11	12,788,936	2022
2023	50,566,000	70.00%	35,396,200	(6,803,440)	(1,757,489)	26,835,271	12,707,250	2 11	14,128,021	2023
2024	55,269,000	70.00%	38,688,300	(7,282,100)	(1,792,639)	29,613,561	12,696,875	2 33	16,916,686	2024
2025	59,849,000	70.00%	41,894,300	(7,735,840)	(1,828,492)	32,329,968	12,686,500	2.55	19,643,468	2025
2026	63,074,000	70.00%	44,151,800	(7,991,970)	(1,865,061)	34,294,769	12,670,750	2.71	21,624,019	2026
2027	66,369,000	70 00%	46,458,300	(8,256,710)	(1,902,363)	36,299,227	12,659,125	2 87	23,640,102	2027
2028	71,028,000	70.00%	49,719,600	(8,530,550)	(1,940,410)	39,248,640	12,650,875	3.10	26,597,765	2028
2029	74,737,000	70 00%	52,315,900	(8,813,700)	(1,979,218)	41,522,982	12,635,500	3 29	28,887,482	2029
2030	78,607,000	70.00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	12,622,500	3.48	31,277,017	2030
2031	78,607,000	70.00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	12,611,125	3.48	31,288,392	2031
2032	78,607,000	70.00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	12,595,750	3 49	31,303,767	2032
2033	78,607,000	70.00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	12,580,750	3 49	31,318,767	2033
2034	78,607,000	70.00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	12,570,250	3 49	31,329,267	2034
2035	78,607,000	70.00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	12,553,500	3 50	31,346,017	2035
2036	78,607,000	70 00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	12,539,750	3.50	31,359,767	2036
2037	78,607,000	70 00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	12,523,125	3.51	31,376,392	2037
2038	78,607,000	70 00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	12,512,625	3.51	31,386,892	2038
2039	78,607,000	70 00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	12,492,375	3 51	31,407,142	2039
2040	78,607,000	70 00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	12,481,375	3.52	31,418,142	2040
2041	78,607,000	70 00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	12,463,500	3.52	31,436,017	2041
2042	78,607,000	70 00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	12,447,750	3 53	31,451,767	2042
2043	78,607,000	70 00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	12,428,000	3.53	31,471,517	2043
2044	78,607,000	70 00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	12,413,000	3 54	31,486,517	2044
2045	78,607,000	70 00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	12,396,375	3 54	31,503,142	2045
2046	78,607,000	70.00%	55,024,900	(9,106,580)	(2,018,803)	43,899,517	12,376,875	3.55	31,522,642	2046
	$ 2,029,368,000		$ 1,420,557,600	$ (247,995,300)	$ (61,509,768)	$ 1,111,052,532	$ 367,732,393		$ 743,320,139	

NOTES.

(1) Revenues taken from Appendix A, CDM Smith Inc. (formerly Wilbur Smith & Associates), Table 6-2, dated April 15, 2011 (with bring down letter dated June 25, 2012). For periods after 2030, revenues have been assumed to remain constant (including no adjustment for inflation)

(2) Revenues are reduced by 30% in each year for purposes of illustration

(3) Assumed at $0.10 per transaction, per Fort Bend Grand Parkway Toll Road Authority estimate Estimated transactions are from Appendix A, Table 6-2 (see Note 1) Transactions estimate is held constant after 2030

(4) Based on maintenance and operating estimates from Fort Bend Grand Parkway Toll Road Authority.

(5) Based on an estimated project fund deposit of $150,548,410 Assumes an interest rate of 5 00% Net of capitalized interest.

This is a projection of cash flow based on assumptions, current market conditions, and a flow of funds that allows for the accumulation of reserves. These cash flows will change based on market conditions at the time of the sale of the bonds, actual revenues and investment income, and actual construction costs and timing. There are usually differences in estimated and actual revenues because events and circumstances frequently do not occur as expected. Such differences may be material.

APPENDIX C

EXCERPTS FROM THE COUNTY'S COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2011

Sandersen Knox & Co, L.L.P.
Certified Public Accountants
130 Industrial Blvd, Suite 301 • Sugar Land, Texas 77478 • 281.242.3042 • fax 281.242.3052 • www.sktx.com

INDEPENDENT AUDITORS' REPORT

To the Honorable Robert E. Hebert, County Judge
and Members of the Commissioners Court
Fort Bend County, Texas

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Fort Bend County, Texas (the "County"), as of and for the year ended September 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the County, as of September 30, 2011, and the respective changes in financial position, and cash flows where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2012, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 3 through 13 and 62 through 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and

other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Sarbanes & Co.

Sugar Land, Texas
March 16, 2012

As management of Fort Bend County (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2011. The following narrative includes approximate values and percentages in the wording to summarize the schedules and financials in this report that include the exact values. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by $717.7 million (net assets). Of this amount, there is a deficit of $60.1 million in unrestricted net assets due to the continued liability increase for other post-employment benefits that now totals $101.8 million.
- The County's total net assets increased by $1.9 million.
- As of the close of the current fiscal year, the County's governmental funds reported a combined ending fund balance of $79.4 million, a decrease of $68.4 million from the prior year.
- At the end of the current fiscal year approximately $10.8 million is available for spending at the government's discretion in the General Fund (unassigned fund balance). This fund balance amounts to 5% of total General Fund expenditures. There is a deficit unassigned fund balance in the 2009 Mobility capital projects fund of $4.4 million.
- The County's total long-term liabilities increased by $13.7 million during the current fiscal year. The increase was primarily due to an increase in the other post-employment benefit obligations (OPEB) of $26.6 million less net change in long-term debt related to bonds of $13.1 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. As noted above this narrative includes approximate values and percentages in the wording to summarize the schedules and financials in this report that include the exact values. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements present functions of the County that are principally supported by taxes (governmental activities). The governmental activities of the County include general administration, financial administration, administration of justice, construction and maintenance, health and welfare, cooperative service, public safety, parks and recreation, libraries and education, and interest on long-term debt.

The government-wide financial statements include not only the County itself (known as the primary government), but also legally separate entities for which the County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The County's five discretely presented component units consist of the following:

- Fort Bend County Toll Road Authority
- Fort Bend Grand Parkway Toll Road Authority
- Fort Bend County Surface Water Supply Corporation
- Fort Bend County Housing Finance Corporation
- Fort Bend County Industrial Development Corporation

The government-wide financial statements can be found on pages 17 through 19 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 62 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and Debt Service Fund, both of which are considered to be major funds. Data from the other 60 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in the comprehensive annual financial report.

The basic governmental fund financial statements can be found on pages 20 through 23 of this report.

Proprietary funds

The County uses internal service funds to report activities that provide services for the County's other programs and activities. The Employee Benefits Fund and Other Self-Funded Insurance Fund are the County's internal service funds. Their purpose is to provide for the accumulation of money for insurance and employee benefits used in County operations. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in the comprehensive annual financial report.

The basic proprietary fund financial statements can be found on pages 24 through 26 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 27 of this report.

Combining component unit financial statements

The County's four discretely presented component units shown in aggregate on the face of the government-wide financial statements have individual information for each of the major discretely presented component units presented in the form of combining statements immediately following the fund financial statements of the primary government.

The combining component unit financial statements can be found on pages 29 through 31 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32 through 60 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees. The County adopts an annual appropriated budget for its general, debt service and certain special revenue funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. Required supplementary information can be found on pages 62 through 73 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by $717.7 million at the close of the most recent fiscal year.

The County's capital assets (e.g., land, buildings, vehicles, machinery and equipment, office furniture and equipment, infrastructure, and construction-in-progress), less any related debt used to acquire those assets that is still outstanding, total $773.3 million. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CONDENSED SCHEDULE OF NET ASSETS
September 30, 2011 and 2010

	Primary Government Governmental Activities	
	2011	**2010**
Current and other assets	$ 140,500,675	$ 204,573,205
Capital assets, net	1,064,035,810	977,884,351
Total Assets	1,204,536,485	1,182,457,556
Long-term liabilities	437,628,727	423,953,977
Other liabilities	49,183,445	42,658,491
Total Liabilities	486,812,172	466,612,468
Net Assets:		
Invested in capital assets, net of related debt	773,322,172	714,396,078
Restricted	4,477,906	4,168,945
Unrestricted	(60,075,765)	(2,719,935)
Total Net Assets	$ 717,724,313	$ 715,845,088

A portion of the County's net assets, $4.5 million, represents resources that are subject to external restrictions on how they may be used. The deficit balance for unrestricted net assets of $60.1 million was primarily due to the expense of current assets to purchase and construct capital assets.

The County's assets exceeded its liabilities by $717.7 million, resulting in an increase of $1.9 million from the prior year. This increase is primarily due to the following: decrease in cash of $64.1 million due to expense of bond funds for facilities and road projects; increase in capital assets of $86.1 million due to construction of new facilities and construction and contribution of new roads; increase in long term liabilities of $13.6 million due to an increase of $26.6 million for other post-employment benefits (OPEB) offset by a decrease of $13 million in outstanding long-term debt; and an increase in other liabilities of $6.5 million due to an increase in accounts payables for construction projects.

SCHEDULE OF CHANGES IN NET ASSETS

For the years ended September 30, 2011 and 2010

	Primary Government Governmental Activities	
	2011	**2010**
Revenues		
Program revenues:		
Charges for services	$ 37,241,289	$ 35,156,664
Operating grants and contributions	35,820,119	23,313,282
Capital grants and contributions	25,214,312	30,358,341
General revenues:		
Property taxes	196,820,339	198,888,176
Earnings on investments	2,925,202	3,870,155
Other	6,065,510	4,237,069
Total Revenues	304,086,771	295,823,687
Expenses		
General administration	47,061,517	43,485,772
Financial administration	8,648,273	8,059,389
Administration of justice	86,081,856	78,173,873
Construction and maintenance	46,150,023	46,946,163
Health and welfare	25,283,662	23,718,848
Cooperative services	1,177,426	1,123,951
Public safety	55,190,407	55,269,509
Parks and recreation	2,915,986	2,263,280
Libraries and education	14,810,488	13,468,700
Interest on long-term debt	14,887,908	15,494,994
Total Expenses	302,207,546	288,004,479
Change in Net Assets	1,879,225	7,819,208
Net Assets, Beginning	715,845,088	708,025,880
Net Assets, Ending	$ 717,724,313	$ 715,845,088

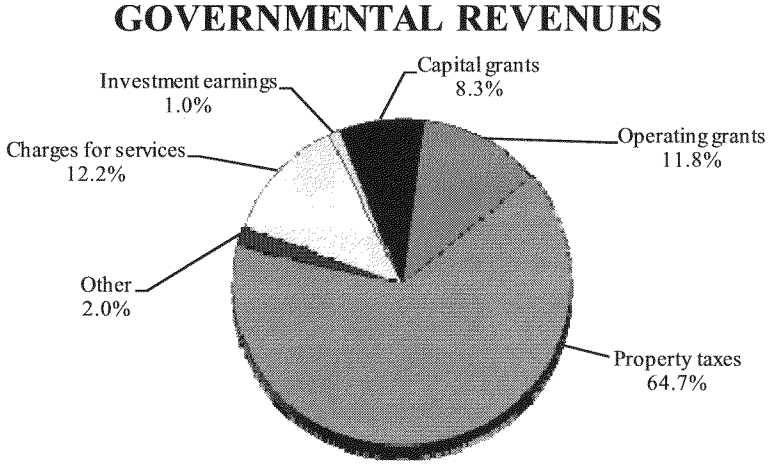
At the end of the current fiscal year, the County was able to report a positive balance in net assets for the government as a whole. The same situation held true for the prior fiscal year.

Governmental activities increased the County's net assets by $1.9 million. This increase is down from last year's increase of $7.8 million. The key elements of the lower increase in net assets are as follows:

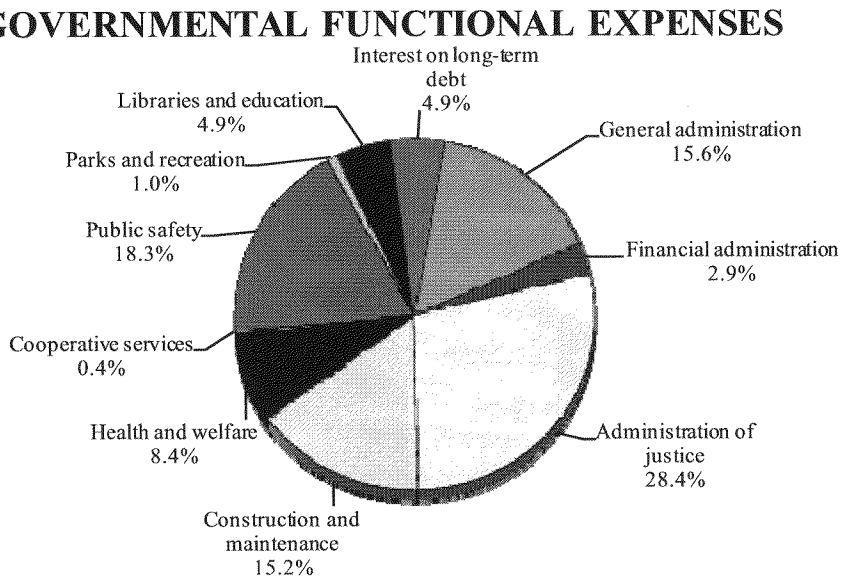
- Increase in charges for services of $2.1 million primarily due to increased collections of fines, fees, and court costs.
- Decrease in earnings on investments of $0.9 million due to lower cash balances caused by expenditure of bond funds.
- Increase in other revenue of $1.8 million due to increase in forfeited assets of $246 thousand by order of the courts, increase in miscellaneous revenue of $245 thousand due to a settlement agreement of $225 thousand and a cost sharing agreement of $25 thousand, increase in fuel reimbursement of $307 thousand due to an increase in fuel costs, increase in miscellaneous reimbursements of $375 thousand for payments received from local cities for road repairs, and an increase in miscellaneous reimbursements of $100 thousand for payment from Houston Galveston Area Council of Governments for purchase of equipment.

- Decrease from the prior year for capital grants and contributions of $5.1 million resulting from a decrease in right of way reimbursements from the State of Texas for ongoing mobility projects.
- Increase in operating grants and contributions of $12.5 million primarily due to increase of funds received from the Texas Commission on Environmental Quality of $1.4 million, increase in local revenue of $1.2 million for participation in Upper Oyster Creek Project, increase in federal funding of $1.3 million of energy efficiency grant, increase in federal funding of $4.3 million for Urban Area Security Initiative grants, increase in federal funding of $2.8 million for transportation grants, and an increase in federal funding of $1.3 million for Community Development Block Grants.
- Expenses increased in several governmental functions: Administration of justice expenses increased by $7.9 million primarily due to an increase in health benefits cost of $6.1 million caused by rising healthcare costs, and depreciation expense of $1.6 million due to the opening of the new justice center; Libraries and education expenses increased by $1.3 million due to the opening of a new library branch; Health and welfare expenses increased by $1.6 million primarily due to an increase in health benefits cost of $520 thousand caused by rising healthcare costs, and public assistance payments of $1.1 million for Community Development Block Grant allotments; General administration expenses increased by $3.6 million primarily due to an increase in health benefits cost of $1.2 million caused by rising healthcare costs, increase in depreciation expense of $1.7 million due to prior period adjustment relating to capital assets, and increased fuel costs of $881 thousand due to rising fuel prices.

Governmental revenues for fiscal year 2011 are graphically displayed as follows:



Governmental functional expenses were as follows:



Financial Analysis of the County's Funds

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the County's governmental funds is to provide information of near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

The County's governmental funds reflect a combined fund balance of $79.4 million. Of this, $10.8 million is unassigned fund balance and available for day-to-day operations within General Fund. There is a deficit unassigned fund balance of $4.4 million in the 2009 Mobility capital projects fund due to an advance from General Fund to enable this capital project fund to proceed until the issuance of the next mobility bond issue, which is expected in April 2012. $33.1 million is committed fund balance for capital projects within General Fund. $39.7 million is restricted fund balance for debt service and the non-major governmental funds in the amount of $5.2 million and $34.5 million respectively. $205.4 thousand is designated as nonspendable fund balance for General Fund and the non-major governmental funds in the amount of $136.0 thousand and $69.4 thousand respectively for prepaid items.

There was a decrease in the combined fund balance of $68.4 million from the prior year for the governmental funds. This overall decrease was primarily due to net expenditures and transfers out in capital project funds as follows: Mobility 2009 Projects of $24.8 million; 2007 Facilities Bonds of $14.7 million; Justice Center Project of $19.0 million; and 2001-2007 Mobility Projects of $9.0 million. Debt Service fund balance increased by $0.3 million due to the refunding of the 2001 Flood Control Water Supply Corporation bonds bringing ending fund balance to $5.2 million. General Fund Balance increased by $0.7 million which is down from the previous year's increase of $8.8 million. This reduction in fund balance increase of $8.1 million is primarily due to the following factors:

- Decrease in General Fund property tax allocation of $3.5 million due to a shift of a *portion* of the 2011 operating and maintenance tax rate to the interest and sinking tax rate to accommodate the increase in debt service.
- Increase in fees of office collections of $2.0 million due to increase in services from all the governmental functions.
- Increase in federal funds of $9.2 million primarily due to increase in federal funding of $1.3 million for energy efficiency grant, increase in federal funding of $4.3 million for Urban Area Security Initiative grants, and an increase in federal funding of $2.8 million for transportation grants.
- Decrease in state funds of $3.7 million primarily due to a decrease in right of way reimbursements from the State of Texas for ongoing mobility projects.
- Increase in payroll costs of $1.8 million primarily due to staffing of new library branch and new jail facility.
- Increase in healthcare costs of $5.9 million due to rising healthcare costs.
- Increase in contract fees of $1.6 million primarily for energy efficiency grant for County facilities.
- Decrease in supply costs of $0.9 million primarily due to the required costs to outfit the new library in fiscal year 2010.
- Increase in janitorial maintenance costs of $0.7 million due to increased facilities to maintain.
- Increase in utility costs of $0.5 million due to expansion of County facilities.
- Increase in fuel costs of $0.9 million due to rising fuel prices.
- Increase in capital acquisitions of $4.6 million primarily for equipment purchased under the Urban Area Security Initiative grant and various transportation grants.
- Decrease in construction in progress of $2.8 million primarily due to facilities projects funded within the General Fund in fiscal year 2010.

Proprietary Funds - The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Employee Benefits Fund had a net assets balance at fiscal year-end of $0.6 million, which is a $1.6 million decrease from the prior year. This decrease was primarily caused by increased healthcare costs in fiscal year 2011. The Other Self-Funded Insurance Fund has a deficit net assets balance of $2.5 million at fiscal year-end which is the same as the previous year. The allocation for the Other Self-Funded Insurance Fund will continue to be increased by 33% annually over the next three fiscal years to eliminate this deficit net assets balance.

General Fund Budgetary Highlights

During the year there was a net decrease of $7.0 million in expenditure appropriations between the original and final amended budget. The main components of this were based on the following: $2.2 million budgeted for capital projects; $1.2 million from surplus indigent healthcare funds; $2.0 million from surplus non-departmental funds; $1.8 million from public transportation for local match of transportation grants transferred to multi-year grant budgets. The surplus amounts from indigent healthcare and non-departmental were transferred to multi-year capital projects with budgets that extend beyond the County's fiscal year.

General Fund revenues exceeded the amended budget by $3.6 million for the year. The reasons for this surplus are detailed as follows:

- Property taxes resulted in revenues of $0.3 million excess over budget due to underestimation of the collection rate.
- Fees and fines resulted in $1.7 million in excess revenues due to continued increased collections of fines, fees and court costs.
- Intergovernmental revenue resulted in $0.5 million in excess revenues primarily due to increased federal funding for transportation and energy efficiency offset by a decrease in state reimbursements for right of way acquisitions.
- Earnings on investments decreased by $0.1 million due to reduced cash balance for General Fund caused by expenditure of multi-year project budgets for facilities.
- Miscellaneous revenue resulted in $1.3 million in excess revenues primarily due to increased fuel reimbursements from outside entities due to higher fuel prices, a settlement agreement contract, and cost sharing agreements with local municipalities.

General Fund expenditures fell short of the amended budget by $1.1 million for the year primarily due to turnover within each of the departments. There were minor budgetary shortfalls within budget categories of some departments. These minor shortfalls were not covered by budget transfers at the end of the year due to materiality and that the overall departmental expenditure budget had a surplus. The individual governmental function's budgetary performance is detailed as follows:

- General administration expenditures had minor budget shortfalls within individual budget categories for Commissioner Precinct 1, Commissioner Precinct 2, and Purchasing that were funded by other budget categories within those departments. Non-departmental had a budget shortfall of $321 thousand in operating costs due to a correction for appellate fees that were improperly posted as a negative expenditure. This was corrected by the end of the year; however it allowed an over-expenditure of the amended budget. This did not cause an overall budget deficit for General administration, however, procedures have been put in place to prevent this in the future.
- Financial administration expenditures had minor budget shortfalls within individual budget categories for County Auditor that were funded by another budget category within that department.
- Administration of justice had minor budget shortfalls within individual budget categories for Courts Administration and Indigent Defense Program that were funded by other budget categories within those departments.
- Health and welfare had a budget shortfall of $120 thousand in Social Services under the operating costs budget category due to a negative encumbrance that allowed expenditures to exceed actual available funding. This did not cause an overall budget deficit for Health and welfare, however, procedures have been put in place to prevent this in the future.
- Public safety had minor budget shortfalls within individual budget categories for Constable Precinct 2 and Constable Precinct 3 that were funded by other budget categories within those departments.

Capital Assets and Debt Administration

Capital Assets - At the end of fiscal year 2011, the County's governmental activities had invested $1,064.0 million in a variety of capital assets and infrastructure, as reflected in the following schedule. This represents an increase of approximately $86.2 million over the previous fiscal year.

	Governmental Activities	
	2011	2010
Non-Depreciable Capital Assets		
Land	$ 333,434,751	$ 318,334,776
Construction-in-progress	120,250,614	152,903,502
Other Capital Assets, Net		
Vehicles	11,780,089	8,791,182
Office furniture and equipment	11,259,478	10,768,112
Machinery and equipment	12,080,859	11,292,998
Buildings, facilities and improvements	251,258,481	171,658,164
Infrastructure	323,971,538	304,135,617
Totals	$ 1,064,035,810	$ 977,884,351

Construction-in-progress at year-end represents numerous ongoing projects, the largest of which are: 2000 Mobility Bond projects for $38.5 million; 2007 Mobility Bond projects for $47.8 million; Big Creek project for $2.1 million; Big Creek Flood Control Water Supply Corporation project for $12.0 million; and Upper Oyster Creek project for $7.6 million.

Long-Term Debt - At the end of the current fiscal year, the County had total bonds outstanding of $318.3 million. This is a decrease of $13.1 million from the prior year due to scheduled debt service payments made during fiscal year 2011. OPEB liability increased by $26.6 million based on the actuarial valuation dated September 30, 2011 to a total balance of $101.8 million.

	Governmental Activities	
	2011	2010
General obligation bonds	$ 318,265,000	$ 331,410,000
Premiums on bonds	12,043,251	12,038,573
Accrued compensated absences	5,560,434	5,392,775
Other post-employment benefits (OPEB) obligation	101,760,042	75,112,628
Total	$ 437,628,727	$ 423,953,976

The County received an insured rating of Aaa from Moody's and Standard and Poors on issuances prior to 2009. The three issuances in 2009 were not insured and therefore retained the uninsured ratings. The uninsured ratings were as follows:

Moody Investor Service Aa2
Standard and Poor's AA+

The Fort Bend County Housing Finance Corporation ("FBCHFC"), a component unit of the County, issues conduit debt in the form of tax-exempt bonds for the purpose of providing below-market interest rate financing to qualified homebuyers and developers of affordable rental housing, and sponsorship or the federal low-income housing tax credit program. The tax-exempt bonds issued by FBCHFC do not constitute a debt or pledge of faith by FBCHFC, but are payable by the user pursuant to terms defined in the loan agreement underlying each issue. As of September 30, 2011, approximately $11.0 million of total bonds were outstanding.

The Fort Bend County Industrial Development Corporation ("FBCIDC"), a component unit of the County, issues conduit debt in the form of bonds to finance all or part of the cost of one or more projects as defined in the Development Corporation Act of 1979, Article 5190.6, Vernon's Annotated Texas Civil Statutes, as amended. The bonds issued by the Corporation do not constitute a debt or pledge of faith by FBCIDC, but are payable by the user pursuant to terms defined in the loan agreement underlying each issue. As of September 30, 2011, approximately $13.8 million of total bonds were outstanding.

Additional information on capital assets and long-term debt is available in Notes 6 and 7 respectively.

Economic Factors and Next Year's Budgets and Rates

The County continues to enjoy growth in various demographic areas during this ongoing economic slowdown.

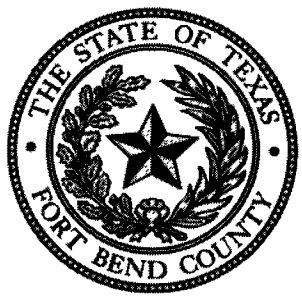
The population of the County is estimated at 606,786 in 2011 and is expected to grow by 4.44% annually through 2015. Total employment is estimated at 235,961 in 2011 and is expected to grow by 3.37% annually over the same period.

The number of households has increased to 195,264 in 2011 and is expected to grow to 230,330 by 2015. Mean household income for 2011 is $129,337 and is estimated to rise to $146,579 by 2015. Income per capita is currently at $41,986 and is expected to grow to $48,116 by 2015. Retail sales increased by 7.8% to $6.19 billion in 2011 and are expected to grow to $7.37 billion by 2015.

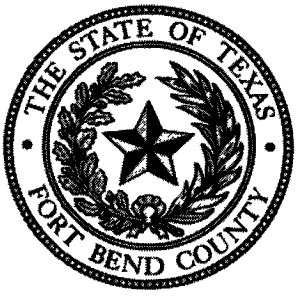
The Commissioners Court approved a $252.1 million total budget for the 2012 fiscal year. This is a 5.2% increase over the adopted 2011 fiscal year budget. The increase in the budget is due to increased debt service along with increases in operating expenditures for a new branch library and new facilities now in service. The overall tax rate remained constant from 2011 to 2012 at $0.49976 per $100 of assessed valuation.

Requests for Information

This financial report is designed to provide a general overview of Fort Bend County's finances for all of those with an interest in the County's finances. Questions concerning this report or requests for additional financial information should be directed to Ed Sturdivant, County Auditor, 301 Jackson, Suite 533, Richmond, TX 77469, telephone (281) 341-3760.


THE STATE OF TEXAS
FORT BEND COUNTY

BASIC FINANCIAL STATEMENTS


THE STATE OF TEXAS
FORT BEND COUNTY

FORT BEND COUNTY, TEXAS
STATEMENT OF NET ASSETS
September 30, 2011

	Primary Government	
	Governmental Activities	**Component Units**
Assets		
Cash and cash equivalents	$ 103,640,117	$ 32,466,202
Receivables:		
Taxes, net	7,547,814	
Grants	7,493,205	
Fees and fines	4,319,143	365
Accrued interest	7,557	26,288
Other	3,689,173	2,847,331
Prepaid items	205,387	124
Deferred issuance costs	3,311,493	738,947
Due from Fort Bend Grand Parkway Toll Road Authority		2,000,000
Due from component units	10,286,786	
Due from primary government		1,286,978
Capital assets, not being depreciated	453,685,365	11,561,227
Capital assets, net of accumulated depreciation	610,350,445	145,748,541
Total Assets	1,204,536,485	196,676,003
Liabilities		
Accounts payable and accrued expenses	37,773,482	3,900
Retainage payable	4,076,700	204,202
Accrued interest payable	1,224,897	590,800
Unearned revenues	3,556,645	
Due to component units	1,286,978	
Due to primary government		10,286,786
Due to Fort Bend County Toll Road Authority		2,000,000
Due to other governments	1,264,743	
Long-term liabilities due within one-year	14,690,109	1,645,000
Long-term liabilities due in more than one-year	422,938,618	135,847,059
Total Liabilities	486,812,172	150,577,747
Net Assets		
Invested in capital assets, net of related debt	773,322,172	19,817,709
Restricted for:		
Debt service	4,477,906	
Unrestricted	(60,075,765)	26,280,547
Total Net Assets	$ 717,724,313	$ 46,098,256

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General administration	$ 47,061,517	$ 7,520,478	$ 11,285,351	$
Financial administration	8,648,273	3,988,371		
Administration of justice	86,081,856	7,222,932	7,719,264	
Construction and maintenance	46,150,023	6,679,429	1,381,572	25,214,312
Health and welfare	25,283,662	5,930,364	6,479,035	
Cooperative services	1,177,426			
Public safety	55,190,407	5,621,993	8,623,225	
Park and recreation	2,915,986	141,893	157,468	
Libraries and education	14,810,488	246,699	174,204	
Interest on long-term debt	14,887,908			
Total Primary Government	$ 302,207,546	$ 37,352,159	$ 35,820,119	$ 25,214,312
Component Units:				
FBC Surface Water Supply Corporation	$	$	$	$
FBC Toll Road Authority	14,975,150	17,694,231		518,338
FB Grand Parkway Toll Road Authority	3,745,092			
FBC Housing Finance Corporation	11,060	141,870		
FBC Industrial Development Corporation	2,856	23,000		
Total Component Units	$ 18,734,158	$ 17,859,101	$	$ 518,338

General Revenues:
Property taxes, penalties, and interest
Earnings on investments
Miscellaneous
Total General Revenues
Changes in Net Assets
Net Assets, Beginning of Year
Net Assets, End of Year

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Assets	
Primary Government	Component Units
Governmental Activities	
$ (28,255,688)	$
(4,659,902)	
(71,139,660)	
(12,874,710)	
(12,874,263)	
(1,177,426)	
(40,945,189)	
(2,616,625)	
(14,389,585)	
(14,887,908)	
(203,820,956)	
	3,237,419
	(3,745,092)
	130,810
	20,144
	(356,719)
196,820,339	
2,925,202	358,798
5,954,640	54,573
205,700,181	413,371
1,879,225	56,652
715,845,088	46,041,604
$ 717,724,313	$ 46,098,256

FORT BEND COUNTY, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2011

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 44,762,938	$ 5,165,917	$ 48,294,533	$ 98,223,388
Taxes receivable, net	5,918,057	521,045	1,108,712	7,547,814
Grants receivable	6,474,269		1,018,936	7,493,205
Fines and fees receivable	4,319,143			4,319,143
Accrued interest receivable	7,557			7,557
Other receivables	2,251,733	15,841	1,401,111	3,668,685
Due from other funds	15,317,511		9,512,732	24,830,243
Due from component units	10,286,786			10,286,786
Prepaid items	136,007		69,379	205,386
Total Assets	$ 89,474,001	$ 5,702,803	$ 61,405,403	$ 156,582,207
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 26,067,578	$	$	$ 26,067,578
Accrued payroll	3,965,469			3,965,469
Retainage payable	61,506		4,006,314	4,067,820
Due to other funds	2,198,840		22,914,538	25,113,378
Due to component units	1,286,978			1,286,978
Due to other governments	1,242,379		22,364	1,264,743
Deferred revenue	10,592,270	521,045	4,310,287	15,423,602
Total Liabilities	45,415,020	521,045	31,253,503	77,189,568
Fund Balances:				
Nonspendable	136,007		69,379	205,386
Restricted		5,181,758	34,501,665	39,683,423
Committed	33,106,759			33,106,759
Unassigned	10,816,215		(4,419,144)	6,397,071
Total Fund Balances	44,058,981	5,181,758	30,151,900	79,392,639
Total Liabilities and Fund Balances	$ 89,474,001	$ 5,702,803	$ 61,405,403	$ 156,582,207

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
September 30, 2011

Total fund balances, governmental funds	$ 79,392,639
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Assets.	1,063,947,000
Other long-term assets are not available to pay for current-period expenditures and are therefore deferred in the funds.	11,866,957
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Assets.	(1,940,152)
Some liabilities (such as long-term claims and judgments payable, long-term compensated absences, and bonds payable) are not due and payable in the current period and are not included in the fund financial statements, but are reported in the governmental activities of the Statement of Net Assets.	
Bonds payable	(318,265,000)
Deferred issuance costs	3,311,493
Compensated absences	(5,560,434)
Other post-employment benefits (OPEB) obligation	(101,760,042)
Premiums on issuance of debt	(12,043,251)
Accrued interest is not due and payable in the current period and therefore not reported in the funds.	(1,224,897)
Net Assets of Governmental Activities	$ 717,724,313

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2011

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 150,611,129	$ 28,251,456	$ 18,544,313	$ 197,406,898
Fees and fines	26,538,216	76,613	10,867,165	37,481,994
Intergovernmental	23,894,468		13,077,519	36,971,987
Earnings on investments	1,457,487	141,647	1,198,905	2,798,039
Miscellaneous	3,372,764		3,151,627	6,524,391
Total Revenues	205,874,064	28,469,716	46,839,529	281,183,309
Expenditures				
Current:				
General administration	41,583,032		769,305	42,352,337
Financial administration	7,158,932		17,254	7,176,186
Administration of justice	54,210,526		17,628,820	71,839,346
Construction and maintenance	2,843,242		26,699,183	29,542,425
Health and welfare	17,345,040		4,722,704	22,067,744
Cooperative services	986,392			986,392
Public safety	42,751,912		1,404,590	44,156,502
Parks and recreation	2,263,590			2,263,590
Libraries and education	12,113,853		62,784	12,176,637
Capital Outlay	20,234,349		68,693,447	88,927,796
Debt Service:				
Principal		12,590,000		12,590,000
Interest and fiscal charges		15,528,257		15,528,257
Bond issuance costs		249,266		249,266
Total Expenditures	201,490,868	28,367,523	119,998,087	349,856,478
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,383,196	102,193	(73,158,558)	(68,673,169)
Other Financing Sources (Uses)				
Transfers in	5,260,901		9,141,885	14,402,786
Transfers (out)	(8,965,489)		(5,437,297)	(14,402,786)
Refunding bonds issued		9,675,000		9,675,000
Payment to refunded bond escrow agent		(10,230,000)		(10,230,000)
Premium on refunding bonds issued		784,853		784,853
Total Other Financing Sources (Uses)	(3,704,588)	229,853	3,704,588	229,853
Net change in fund balances	678,608	332,046	(69,453,970)	(68,443,316)
Fund Balances, Beginning of Year	43,380,373	4,849,712	99,605,870	147,835,955
Fund Balances, End of Year	$ 44,058,981	$ 5,181,758	$ 30,151,900	$ 79,392,639

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (GOVERNMENTAL FUNDS) TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2011

Net change in fund balances - total governmental funds	$ (68,443,316)
Adjustments for the Statement of Activities:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which current year capital outlay ($88.9 million) exceeded depreciation expense ($26.2 million) in the current period.	62,699,787
Capital contributions of infrastructure are reported in the governmental-wide financial statements but not in the fund financial statements.	23,717,658
Governmental funds report the entire net sales prices (proceeds) from the sales of capital assets as revenue because they provide current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the capital assets. Thus, the change in net assets differs from the change in fund balance by the costs of capital assets sold.	(354,795)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(10,210,587)
The long-term portion of accrued compensated absences is not due and payable in the current period and is therefore not reported in governmental funds.	(167,658)
Changes in the other post-employment benefits (OPEB) obligation are not due and payable in the current period, and therefore are not reported in the governmental funds.	(26,647,414)
Revenues that do not provide current financial resources are not reported as revenues in the governmental funds. This adjustment reflects the net change in receivables on the accrual basis of accounting.	(586,559)
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore are not reported as expenditures in the governmental funds. This adjustment reflects the net change in interest payable on the accrual basis of accounting.	63,535
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	576,813
Principal payments on bonds are reported as expenditures in governmental funds but not as expenses in the government-wide statements.	22,820,000
Internal service funds are used by management to charge the costs of certain activities, such as insurance and equipment replacement, to individual funds. The net revenues (expenses) are reported with governmental activities.	(1,588,239)
Change in net assets of governmental activities	$ 1,879,225

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
September 30, 2011

	Governmental Activities Internal Service Funds
Assets	
Current Assets:	
Cash and cash equivalents	$ 5,416,728
Due from other funds	283,237
Other receivables	20,490
Total Current Assets	5,720,455
Noncurrent Assets:	
Capital Assets:	
Construction-in-progress	88,810
Total Capital Assets	88,810
Total Noncurrent Assets	88,810
Total Assets	5,809,265
Liabilities	
Current Liabilities:	
Benefits payable	7,740,434
Retainage payable	8,881
Due to other funds	102
Total Current Liabilities	7,749,417
Total Liabilities	7,749,417
Net Assets (Deficit)	
Invested in capital assets, net of related debt	88,810
Unrestricted	(2,028,962)
Total Net Assets (Deficit)	$ (1,940,152)

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

For the Year Ended September 30, 2011

	Governmental Activities Internal Service Funds
Operating Revenues	
Charges for services	$ 30,686,672
Total Operating Revenues	30,686,672
Operating Expenses	
Current operations - general administration	411,575
Benefits provided	31,990,499
Total Operating Expenses	32,402,074
Operating (Loss)	(1,715,402)
Non-Operating Revenues	
Earnings on investments	127,163
Total Non-Operating Revenues	127,163
Change in Net Assets	(1,588,239)
Total Net Assets (Deficit), Beginning of Year	(351,913)
Total Net Assets (Deficit), End of Year	$ (1,940,152)

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2011

	Governmental Activities Internal Service Funds
Cash Flows from Operating Activities	
Charges for services	$ 32,151,762
Payment of benefits	(31,400,379)
Payment of general administration expenses	(411,575)
Net Cash Provided by Operating Activities	339,808
Cash Flows from Investing Activities	
Interest earned on investments	127,163
Net Cash Provided by Investing Activities	127,163
Cash Flows from Capital and Related Financing Activities:	
Purchase of capital assets	(79,929)
Net Cash (Used) by Capital and Related Financing Activities	(79,929)
Net Increase in Cash and Cash Equivalents	387,042
Cash and Cash Equivalents, Beginning of Year	5,029,686
Cash and Cash Equivalents, End of Year	$ 5,416,728
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities	
Operating (Loss)	$ (1,715,402)
Change in assets and liabilities:	
(Increase) in other receivables	(19,965)
Decrease in due from other funds	1,593,183
(Decrease) in due to other funds	(108,128)
Increase in benefits payable	590,120
Total adjustments	2,055,210
Net Cash Provided by Operating Activities	$ 339,808

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
September 30, 2011

	Agency Funds
Assets	
Cash and cash equivalents	$ 29,051,344
Miscellaneous receivables	311,599
Total Assets	$ 29,362,943
Liabilities	
Due to other governments	$ 29,362,943
Total Liabilities	$ 29,362,943

The accompanying notes are an integral part of these financial statements.


THE STATE OF TEXAS
FORT BEND COUNTY

FORT BEND COUNTY, TEXAS

STATEMENT OF NET ASSETS

COMPONENT UNITS

September 30, 2011

	Fort Bend County Surface Water Supply Corporation	Fort Bend County Toll Road Authority	Fort Bend Grand Parkway Toll Road Authority	Fort Bend County Housing Finance Corporation	Fort Bend County Industrial Development Corporation	Totals
Assets						
Cash and cash equivalents	$ 7,614	$31,734,552	$ 72	$ 700,944	$ 23,020	$32,466,202
Accounts receivable				365		365
Due from Fort Bend Grand Parkway Toll Road Authority		2,000,000				2,000,000
Due from primary government		1,286,978				1,286,978
Accrued interest receivable		25,125		1,163		26,288
Miscellaneous receivables		2,847,331				2,847,331
Deferred bond issuance costs		738,947				738,947
Prepaid items					124	124
Capital assets, not being depreciated		2,782,650	8,778,577			11,561,227
Capital assets, net of accumulated depreciation		145,748,541				145,748,541
Total Assets	7,614	187,164,124	8,778,649	702,472	23,144	196,676,003
Liabilities and Net Assets						
Liabilities						
Accounts payable				3,900		3,900
Retainage payable			204,202			204,202
Due to Fort Bend County Toll Road Authority			2,000,000			2,000,000
Due to primary government			10,286,786			10,286,786
Accrued interest payable		558,119	32,681			590,800
Long-term liabilities						
Due within one year		1,645,000				1,645,000
Due in more than one year		135,847,059				135,847,059
Total Liabilities		138,050,178	12,523,669	3,900		150,577,747
Net Assets						
Invested in capital assets, net of related debt		11,039,132	8,778,577			19,817,709
Unrestricted	7,614	38,074,814	(12,523,597)	698,572	23,144	26,280,547
Total Net Assets	$ 7,614	$49,113,946	$ (3,745,020)	$ 698,572	$ 23,144	$46,098,256

The accompanying notes are an integral part of these financial statements.

FORT BEND COUNTY, TEXAS
STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the Year Ended September 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Capital Grants and Contributions
Fort Bend County Surface Water Supply Corporation			
Health and welfare	$	$	$
Total Fort Bend County Surface Water Supply Corporation			
Fort Bend County Toll Road Authority			
Toll road operations	8,356,153	17,694,231	518,338
Interest on long-term debt	6,618,997		
Total Fort Bend County Toll Road Authority	14,975,150	17,694,231	518,338
Fort Bend Grand Parkway Toll Road Authority			
Toll road operations	3,712,411		
Operating interest	32,681		
Total Fort Bend Grand Parkway Toll Road Authority	3,745,092		
Fort Bend County Housing Finance Corporation			
Programs	345		
General administration	10,715	141,870	
Total Fort Bend County Housing Finance Corporation	11,060	141,870	
Fort Bend County Industrial Development Corporation			
General administration	2,856	23,000	
Total Fort Bend County Industrial Development Corporation	2,856	23,000	
Total Component Units	$18,734,158	$17,859,101	$ 518,338
General Revenues:			
Earnings on investments			
Miscellaneous			
Total General Revenues			
Changes in Net Assets			
Net Assets, Beginning of Year			
Net Assets, End of Year			

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Assets					
Fort Bend County Surface Water Supply Corporation	Fort Bend County Toll Road Authority	Fort Bend Grand Parkway Toll Road Authority	Fort Bend County Housing Finance Corporation	Fort Bend County Industrial Development Corporation	Totals
$	$	$	$	$	$
	9,856,416				9,856,416
	(6,618,997)				(6,618,997)
	3,237,419				3,237,419
		(3,712,411)			(3,712,411)
		(32,681)			(32,681)
		(3,745,092)			(3,745,092)
			(345)		(345)
			131,155		131,155
			130,810		130,810
				20,144	20,144
				20,144	20,144
	3,237,419	(3,745,092)	130,810	20,144	(356,719)
75	354,629		4,094		358,798
	54,501	72			54,573
75	409,130	72	4,094		413,371
75	3,646,549	(3,745,020)	134,904	20,144	56,652
7,539	45,467,397		563,668	3,000	46,041,604
$ 7,614	$ 49,113,946	$ (3,745,020)	$ 698,572	$ 23,144	$ 46,098,256

Note 1 - Summary of Significant Accounting Policies

A. Financial Reporting Entity

Fort Bend County, Texas (the "County") is a public corporation and a political subdivision of the State of Texas. The Commissioners Court, composed of four County Commissioners and the County Judge, all of whom are elected officials, govern the County.

The County is considered an independent entity for financial reporting purposes and is considered a primary government. As required by generally accepted accounting principles, these financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the County's financial reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the County's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the County is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the County's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Blended Component Units

Blended component units, although legally separate entities, are, in substance, part of the County's operations and so data of these units are combined with data of the County. Each of the County's blended component units has a September 30 year-end. The following component units have been identified and are presented in a blended format in the government-wide financial statements:

Fort Bend County Drainage District ("District")
Established under Section 59 of Article XVI of the Constitution of Texas, the District includes all of the property within Fort Bend County. The District was created for the purpose of reclamation and drainage of its lands. Commissioners Court acts as the governing body of the District. Complete financial statements for the District can be obtained at the Fort Bend County Auditor's Office located at 301 Jackson, Suite 533, Richmond, Texas.

Fort Bend Flood Control Water Supply Corporation ("FBFCWSC")
The FBFCWSC is a non-profit corporation organized for the benefit of the County to provide for the acquisition, construction and financing of flood control and drainage projects for the County. Upon completion, these projects are maintained by the County. Commissioners Court appoints the Board of Directors and approves all budgets and expenditures. Complete financial statements for the Corporation can be obtained at the Fort Bend County Auditor's Office located at 301 Jackson, Suite 533, Richmond, Texas.

Note 1 - Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

Discretely Presented Component Units

Discretely presented component units are presented in a separate column in the government-wide statements to emphasize that they are legally separate from the County. Each of the County's discretely presented component units has a September 30 year-end. The following component units have been identified and are presented in a discrete format in the County's financial statements:

Fort Bend County Toll Road Authority
The Fort Bend County Toll Road Authority is organized under the Texas Transportation Corporation Act and the Texas Non-Profit Corporation Act. The Authority was created to assist in the planning, designing, financing and building of county roads and highways. In particular, the Authority is to assist in the building and operation of the Fort Bend Toll Road system that will extend from Sam Houston Parkway in Harris County to the Brazos River and the City of Fulshear in Fort Bend County. The County has financial accountability because it appoints a voting majority of the Board and the County can impose its will. Financial information is available at the County Auditor's Office located at 301 Jackson, Suite 533, Richmond, Texas.

Fort Bend Grand Parkway Toll Road Authority
The Fort Bend Grand Parkway Toll Road Authority is organized under the Texas Transportation Corporation Act and the Texas Non-Profit Corporation Act. The Authority was created to assist in the planning, designing, financing and building of county roads and highways. In particular, the Authority is to assist in the building and operation of the Fort Bend Grand Parkway Toll Road that will extend from the Westpark Tollway along State Highway 99 to US 59. The County has financial accountability because it appoints a voting majority of the Board and the County can impose its will. Financial information is available at the County Auditor's Office located at 301 Jackson, Suite 533, Richmond, Texas.

Fort Bend County Surface Water Supply Corporation
The Fort Bend County Surface Water Supply Corporation was established for the purpose of conducting a feasibility study of a surface water facility in the area. Currently, revenue sources are primarily from special districts, private corporations, and other entities interested in the study. The County has financial accountability because it appoints a voting majority of the Board and the County can impose its will. Financial information is available at the County Auditor's Office located at 301 Jackson, Suite 533, Richmond, Texas.

Fort Bend County Housing Finance Corporation
The Fort Bend County Housing Finance Corporation was established under the Texas Housing Finance Corporation Act. The Corporation provides down payment assistance programs for individuals meeting certain income guidelines and serves as a conduit for activity related to bond issues for affordable housing in Fort Bend County. The tax-exempt bonds issued by the Corporation do not constitute a debt or a pledge of faith by the Corporation, but are payable by the user pursuant to terms defined in the loan agreements underlying each issue. The County has financial accountability because it appoints a voting majority of the Board and the County can impose its will. Complete financial statements for The Fort Bend Housing Finance Corporation are prepared and can be obtained at the East Fort Bend County Annex Building located at 3030 Texas Parkway, Suite 213, Missouri City, Texas.

Note 1 - Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

Discretely Presented Component Units (continued)

Fort Bend County Industrial Development Corporation
The Fort Bend County Industrial Development Corporation was established under the Development Corporation Act of 1979 (Act). The Corporation facilitates the issuance of obligations in the form of bonds to finance all or part of the cost of one or more projects as defined by the Act. The bonds issued by the Corporation do not constitute a debt or a pledge of faith by the Corporation, but are payable by the user pursuant to terms defined in the loan agreements underlying each issue. The County has accountability because it appoints a voting majority of the Board and the County can impose its will. Financial information is available at the County Auditor's Office.

B. Government-wide and Fund Accounting

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. While the previous reporting model emphasized fund types (the total of all funds of a particular type), the GASB 34 reporting model focuses on either the County as a whole or on major individual funds (within the fund financial statements). Typically, both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. All primary activities of the County are considered to be governmental type activities; therefore no business type activities are presented within the basic financial statements. In the government-wide Statement of Net Assets, governmental activities are presented on a full accrual, economic resource basis, which incorporates long-term assets and receivables, as well as long-term debt and obligations.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (general administration, financial administration, public safety, etc.), which are otherwise being supported by general government revenues (property taxes, earnings on investments, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues. The program revenues must be directly associated with the function (general administration, financial administration, public safety, etc.).

The governmental funds major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile fund-based financial statements with the governmental column of the government-wide presentation.

The County's fiduciary funds are presented in the fund financial statements by type. Since, by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. Since the County only reports agency funds, a statement of changes in fiduciary net assets is not presented. All assets reported in agency funds should be offset by a corresponding liability, resulting in zero net assets.

Note 1 - Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Accounting (continued)

In the fund financial statements, the accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Following is a description of the various funds:

The County reports the following major governmental funds:

General Fund
The General Fund is the County's primary operating fund. It is used to account for all financial transactions not properly includable in other funds. The principal source of revenue is local property taxes. Expenditures include all costs associated with the daily operations of the County.

Debt Service Fund
This fund is used to account for the debt service transactions relating to the following bond issues: Permanent Improvements Refunding Bonds Series 2003, Unlimited Tax Road Bonds Series 2006, Unlimited Tax Road Bonds Series 2007, Fort Bend Flood Control Water Supply Corporation (FBFCWSC) Refunding Bonds Series 2010, Limited Tax Facilities Bonds Series 2007, Unlimited Tax Road Bonds Series 2009, Justice Center Limited Tax Bonds Series 2009, and Unlimited Tax Road Refunding Series 2009. Revenues in this fund are comprised of property taxes levied against property located in the County.

The County also reports the following funds types:

Internal Service Funds
These funds are used to account for the County's employee benefits for employees, retirees, and their dependents, including medical and dental; and self-insurance programs, including workers' compensation, personal injury and property damage. The principal source of revenue is contributions paid by individual funds.

Agency Funds
These funds are custodial in nature and do not report operating results. They are used to account for assets held by the County as an agent for various local governments and individuals.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund-types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing resources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statements of net assets and statements of activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these activities are included on the balance sheet. Proprietary fund equity consists of net assets. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Note 1 - Summary of Significant Accounting Policies (continued)

C. Basis of Accounting (continued)

The accounts of the Governmental Fund Types (the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds) and certain Component Units are maintained, and the financial statements have been prepared, on the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when they become susceptible to accrual (i.e., both measurable and available). Available means collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Substantially all revenues, except property taxes, are considered to be susceptible to accrual. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as expenditures when due.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this general rule is that interfund services provided and used within the County are not eliminated in the process of consolidation. Elimination of these services would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: (1) charges to customers for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Revenues that are generated internally are reported as general revenues, including property taxes.

Proprietary funds present both operating revenues and expenses as well as non-operating revenues and expenses. Operating revenues and expenses are generally derived from providing services and producing goods as part of ongoing operations. The principal operating revenues of the County's internal service funds are charges to users for services. The operating expenses for the County's internal service funds include administrative expenses and all costs associated with providing services. All other revenue and expenses are reported as non-operating revenue.

The accrual basis of accounting is used for the proprietary fund types and certain component units. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable, and expenses in the accounting period in which they are incurred and become measurable.

The statements of net assets, statements of activities, and financial statements of proprietary fund types are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized in the accounting period in which they are earned, and expenses in the accounting period in which they are incurred.

D. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used as an extension of formal budgetary control. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities of the current year and are re-appropriated in the budget of the subsequent year. Unencumbered appropriations lapse at the end of the year.

Note 1 - Summary of Significant Accounting Policies (continued)

E. Cash and Cash Equivalents

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the Proprietary Fund Types consider temporary investments with maturities of three months or less when purchased to be cash equivalents.

F. Investments

The County's investments, when held, are comprised primarily of U.S. Government Securities. Obligations with maturities of one year or less when purchased are reported on the balance sheet at their amortized cost, which approximates fair value. All other investments are reported at fair value. The investments in U.S. Government Securities are generally held to maturity.

G. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

H. Due To and Due From Other Funds

During the course of operations, transactions occur between individual funds for specified purposes, such as lending/borrowing arrangements or amounts. In addition, the County maintains numerous bank accounts among all the funds and occasionally monies are deposited into the incorrect account. Therefore, a receivable and payable are recorded in the proper funds. These receivables and payables are classified as "due from other funds" or "due to other funds" (or "due from component unit/primary government" or "due to component unit/primary government" if the transactions are between the primary government and its component unit).

I. Interfund Transfers

The County maintains numerous special revenue and capital project funds to account separately for monies that have been set aside for particular purposes. Often, these monies are initially budgeted in the General Fund during the annual budget process and are then transferred to various funds during the course of the fiscal year. In addition, when these projects are complete, these same funds often transfer residual monies back to the General Fund or some other fund, as determined by where the monies should be returned. These interfund transfers are classified as "transfers in" and "transfers out" within the primary government.

J. Interest Receivable

Interest on investments is recorded as revenue in the year the interest is earned and available to pay liabilities of the current period.

Note 1 - Summary of Significant Accounting Policies (continued)

K. Capital Assets

Capital assets used in governmental fund types of the government are recorded as expenditures of the General, Special Revenue and Capital Projects Funds and as assets in the government-wide financial statements to the extent the County's capitalization threshold (currently $5,000 on new assets) is met. All betterments to existing assets are capitalized, without any threshold. Depreciation is recorded on capital assets on a government-wide basis. Major outlays for capital assets and improvements are capitalized as projects are constructed and subsequently depreciated over their estimated useful lives on a straight-line basis at the government-wide levels. All capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their estimated fair value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and resulting gain or loss is included in the results of operations.

The County applies a half-year convention for depreciation on all assets. Therefore, one half of a year of depreciation is charged to operations the first and last year that an asset is in service. Depreciation has been provided for plant and equipment using the straight-line method over the estimated useful life for the type of assets as follows:

Asset Description	Estimated Useful Life
Vehicles	5 to 7 years
Office furniture and equipment	5 to 7 years
Machinery and equipment	7 to 15 years
Buildings, facilities and improvements	10 to 39 years
Infrastructure	20 to 40 years

L. Accrued Compensated Absences

All full-time employees accumulate vacation benefits in varying annual number of days up to a maximum of twenty days a year. Accumulated vacation exceeding twenty days lapses on December 31 of each year.

Compensatory time exceeding 80 hours is paid to nonexempt employees. In the event of termination, an employee is paid for all maximum allowable accumulation of vacation and compensatory time.

Sick leave benefits are earned by all full-time employees at a rate of eight days per year and may be accumulated without limit. Upon retirement, an employee may be eligible to receive a payment for up to one-half of their unused sick leave balance, not to exceed a maximum of $5,000. In the event of any termination other than retirement, an employee is not paid for any unused sick leave.

A liability for accrued compensated absences is recorded in the government-wide financial statements.

Note 1 - Summary of Significant Accounting Policies (continued)

M. Restricted/Unrestricted Net Assets

It is the County's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

O. Reclassifications

Certain reclassifications to prior year balances have been made to conform to current year presentation. Such reclassifications have had no effect on the excess of revenues over expenditures.

P. Date of Managements' Review

In preparing the financial statements, the County has evaluated events and transactions for potential recognition or disclosure through March 16, 2012, the date that the financial statements were available to be issued.

Q. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

Note 2 - Deposits (Cash) and Investments

A. Authorization for Deposits and Investments

The Texas Public Funds Investment Act (PFIA), as prescribed in Chapter 2256 of the Texas Government Code, regulates deposits and investment transactions of the County.

In accordance with applicable statutes, the County has a depository contract with an area bank (depository) providing for interest rates to be earned on deposited funds and for banking charges the County incurs for banking services received. The County may place funds with the depository in interest and non-interest bearing accounts. State law provides that collateral pledged as security for bank deposits must have a market value of not less than the amount of the deposits and must consist of: (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas; and/or (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent. County policy requires the collateralization level to be at least 110% of market value of principal and accrued interest.

Note 2 - Deposits (Cash) and Investments (continued)

A. Authorization for Deposits and Investments (continued)

Commissioners Court has adopted a written investment policy regarding the investment of its funds as defined by the Public Funds Investment Act of 1995 (Chapter 2256, Texas Government Code). The investments of the County are in compliance with this policy. State statutes authorize the County to invest in fully collateralized or insured time deposits, direct debt obligations of the United States, and certain repurchase agreements. Investments in security repurchase agreements are authorized when the investment has a defined termination date, is secured by obligations described in the Public Funds Investment Act, is pledged to the County, is deposited with a third party selected and approved by the entity, and is placed through a primary government securities dealer or national bank domiciled in the State of Texas. The County did not invest in repurchase agreements for the year ended September 30, 2011.

B. Deposit and Investment Amounts

The County's cash and investments are classified as: cash and cash equivalents, and investments. Cash and cash equivalents include cash on hand, deposits with financial institutions, and short-term investments in a privately-managed public funds investment pool account.

At September 30, 2011, the County's cash deposits are either insured by FDIC or covered by collateral held by the County's agent in the County's name.

The following schedule shows the County's recorded cash and cash equivalents and investment pools at year-end, excluding Agency Funds:

	Total Fair Value
Cash deposits	$ 133,404,234
Certificates of deposit	495,579
Investment pools:	
Texas CLASS	2,193,082
TexasTERM	5,358
LOGIC	8,066
Total cash and investment pools	$ 136,106,319

Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, chapter 791, Texas Government Code, and the Public Funds Investment Act, chapter 2256, Texas Government Code. Texas CLASS was established in 1996. Pursuant to the Trust Agreement, Texas CLASS is supervised by a Board of Trustees who are elected by the Participants. The Board of Trustees supervises the Trust and its affairs and acts as the liaison between the Participants, the Custodian and the Program Administrator. Cutwater Investor Services Corp. serves as Program Administrator. Cutwater Investor Services Corp. is a subsidiary of Cutwater Asset Management. Texas CLASS is considered a '2a-7 like pool' under Governmental Accounting Standards Statement No. 31; it will operate the pool consistent with the SEC's Rule 2a7. It maintains a Net Asset Value of approximately $1 per share.

Note 2 - Deposits (Cash) and Investments (continued)

B. Deposit and Investment Amounts (continued)

The TexasTERM Local Government Investment Pool (TexasTERM) is organized in conformity with the Texas Public Funds Investment Act of the Texas Government Code. It provides for a fixed-rate, fixed-term investment for a period of 60 days to one year and includes TexasDAILY, a portfolio of the Local Government Pool, providing daily access to funds. An Advisory Board composed of participants in TexasTERM and other parties who do not participate in the Pool, has responsibility for the overall management of the Pool, including formulation and implementation of its Investment and Operating Policies. PFM Asset Management LLC ("PFM"), a leading national financial and investment advisory firm, is the investment advisor to the pool. TexasTERM's TexasDAILY portfolio is considered a '2a-7 like pool' under Governmental Accounting Standards Statement No. 31; it will operate the pool consistent with the SEC's Rule 2a7. It maintains a Net Asset Value of approximately $1 per share.

Local Government Investment Cooperative (LOGIC) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, chapter 791, Texas Government Code, and the Public Funds Investment Act, chapter 2256, Texas Government Code. The Pool was created in April, 1994 through a contract among its participating governmental units, and is governed by a board of directors ('the board'), to provide for the joint investment of participant's public funds and funds under their control. LOGIC is considered a '2a-7 like pool' under Governmental Accounting Standards Statement No. 31; it will operate the pool consistent with the SEC's Rule 2a7. It maintains a Net Asset Value of approximately $1 per share.

Interest Rate Risk

At year-end, the County had the following investments subject to interest rate risk disclosure, under U.S. generally accepted accounting principles:

	Fair Value	Weighted Average Maturity (days)	Percentage of Total Portfolio
Certificates of deposit	$ 495,579	271	18.3%
Investment pools:			
Texas CLASS	2,193,082	30	81.2%
TexasTERM	5,358	50	0.2%
LOGIC	8,066	42	0.3%
Total Fair Value	$ 2,702,085		
Portfolio weighted average maturity		74	

It is the County's policy to select any individual investment with a maximum stated maturity of thirty-six (36) months. Portfolio maturities will be structured to meet the obligations of the County first and then to achieve the highest rate of return of interest. When the County has funds not required to meet current-year obligations, maturity restraints will be imposed based upon the investment strategy for the group of funds.

The County's investments in the state investment pools via Texas CLASS, TexasTERM, and LOGIC were rated Aaa by Moody Investments and AAAm by Standard and Poor's.

Note 2 - Deposits (Cash) and Investments (continued)

B. Deposit and Investment Amounts (continued)

Concentration of Credit Risk

It is the County's policy to diversify its portfolio to eliminate the risk of loss resulting from a concentration of assets in a specific maturity (save and except zero duration funds), a specific issuer or a specific class of investments. To achieve this diversification, the County will limit investments in specific types of securities to the following percentages of the total portfolio:

Investment Type	Maximum Investment %
Repurchase Agreements	up to 35%
Certificates of Deposit	up to 50%
U.S. Treasury Bills/Notes	up to 100%
Other U.S. Government Securities	up to 80%
Authorized Local Government Investment Pools	up to 80%
No Load Money Market Mutual Funds	up to 50%
Bankers Acceptances	up to 15%

It is the County's policy to select investments in order to provide stability of income and reasonable liquidity.

Note 3 - Receivables

Receivables, including applicable allowances for uncollectible accounts, as of September 30, 2011, were as follows:

	Governmental Activities			
	General	Debt Service	Other Governmental Funds	Total
Receivables:				
Taxes	$ 6,575,619	$ 578,939	$ 1,231,902	$ 8,386,460
Grants	6,474,269		1,018,936	7,493,205
Fees and fines	4,319,143			4,319,143
Accrued interest	7,557			7,557
Other	2,251,733	15,841	1,401,111	3,668,685
Gross receivables	19,628,321	594,780	3,651,949	23,875,050
Less: allowance for uncollectibles	(657,562)	(57,894)	(123,190)	(838,646)
Total	$ 18,970,759	$ 536,886	$ 3,528,759	$ 23,036,404

Note 3 – Receivables (continued)

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of September 30, 2011, the various components of deferred revenue reported in the governmental funds are as follows:

	Unavailable	Unearned
Delinquent property taxes (general fund)	$ 5,918,057	$
Delinquent property taxes (road and bridge fund)	753,585	
Delinquent property taxes (drainage district fund)	355,127	
Delinquent property taxes (debt service fund)	521,045	
Fees and fines (general fund)	4,319,143	
Grant funds received prior to meeting all eligibility requirements		3,556,645
Total deferred revenue for governmental funds	$ 11,866,957	$ 3,556,645

Note 4 - Property Taxes

The County's tax year covers the period October 1 through September 30. The County's property taxes are levied annually in October on the basis of the Fort Bend Central Appraisal District's (CAD) assessed values as of January 1 of that calendar year. Such taxes become delinquent on February 1 of the subsequent calendar year. The CAD establishes appraised values at 100% of market value less exemptions. The County's property taxes are billed and collected by the County's Tax Assessor/Collector.

A. 2010 Tax Year

Property taxes are prorated between the General, certain Special Revenue, and Debt Service Funds based on rates adopted for the year of the levy. For the 2011 fiscal year (2010 tax year), the County levied property taxes of $0.49976 per $100 of assessed valuation. The 2010 rates resulted in total adjusted tax levies of approximately $194.6 million based on a total adjusted valuation of approximately $37.4 billion. The total tax rate in the 2010 tax year was prorated as follows:

	2010 Rate	2010 Limit
General, certain special revenue and debt service funds	$ 0.45246	$ 0.80000
Special road & bridge funds	$ 0.02770	$ 0.15000
Fort Bend County Drainage District	$ 0.01960	$ 0.25000
Total Tax Rate	$ 0.49976	$ 1.20000

Note 4 - Property Taxes (continued)

B. Fort Bend Central Appraisal District

The Fort Bend Central Appraisal District (CAD), a separate governmental entity, is responsible for the recording and appraisal of property for all taxing units in the County.

The CAD is required by state law to assess property at 100% of its appraised value. Further, real property must be appraised at least every four years. Under certain circumstances, the taxpayers and taxing units, including the County, may challenge orders of the CAD's Appraisal Review Board through various appeals and, if necessary, legal action may be taken.

The Commissioners Court will continue to set the tax rates on the property. State law also provides that, if approved by the qualified voters in the County, collection functions may be assigned to the CAD.

Note 5 - Interfund Activity

During the year, cash advances are occasionally made between funds for various projects and situations, which create receivables and payables between these funds. All of these interfund balances are expected to be paid within one year. At September 30, 2011, the interfund receivables and payables were as follows:

	Interfund Receivable	Interfund Payable
General Fund	$ 15,317,511	$ 2,198,840
Non-major Governmental Funds	9,512,732	22,914,538
	24,830,243	25,113,378
Internal Service Funds	283,237	102
Total Governmental Activity	$ 25,113,480	$ 25,113,480

Interfund transfers

Transfers totaling approximately $14.4 million were made during the year primarily for the purpose of moving unrestricted fund revenues to finance various programs that the government must account for in other funds in accordance with the budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

	Transfers In	Transfers Out
General Fund	$ 5,260,901	$ 8,965,489
Non-major Governmental Funds	9,141,885	5,437,297
	$ 14,402,786	$ 14,402,786

Note 6 - Capital Assets

A summary of changes in the primary government's capital assets for the year ended September 30, 2011, is as follows:

	Primary Government			
	Balance 10/01/10	**Increases**	**Decreases**	**Balance 09/30/11**
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 318,334,776	$ 15,099,975	$	$ 333,434,751
Construction-in-progress	152,903,502	66,560,089	(99,212,977)	120,250,614
Total capital assets not being depreciated	471,238,278	81,660,064	(99,212,977)	453,685,365
Other capital assets:				
Vehicles	22,628,966	6,060,587	(2,615,345)	26,074,209
Office furniture and equipment	24,137,597	3,810,303	(899,313)	27,048,587
Machinery and equipment	24,517,102	2,533,314	(1,397,649)	25,652,766
Buildings, facilities and improvements	225,992,477	86,282,555		312,275,031
Infrastructure	415,884,110	31,587,290		447,471,401
Total other capital assets	713,160,252	130,274,049	(4,912,307)	838,521,994
Accumulated depreciation for:				
Vehicles	(13,837,784)	(2,897,397)	2,441,061	(14,294,120)
Office furniture and equipment	(13,369,485)	(3,288,600)	868,976	(15,789,109)
Machinery and equipment	(13,224,104)	(1,570,927)	1,223,124	(13,571,907)
Buildings, facilities and improvements	(54,334,313)	(6,682,237)		(61,016,550)
Infrastructure	(111,748,493)	(11,751,370)		(123,499,863)
Total accumulated depreciation	(206,514,179)	(26,190,531)	4,533,161	(228,171,549)
Other capital assets, net	506,646,073	104,083,518	(379,146)	610,350,445
Total Governmental Activities capital assets, net	$ 977,884,351	$ 185,743,582	$ (99,592,123)	$1,064,035,810

Depreciation expenses were charged to the following functions in the statement of activities:

Fiscal Year 2011 Depreciation Expense	
General administration	$ 1,179,617
Financial administration	211,010
Administration of justice	5,265,772
Construction and maintenance	13,990,660
Health and welfare	1,106,550
Cooperative services	58,409
Public safety	2,796,140
Parks and recreation	430,233
Library	1,152,140
Total Depreciation Expense	$ 26,190,531

Note 6 - Capital Assets (continued)

Construction-in-progress and remaining commitments under related construction contracts for general government construction projects at September 30, 2011, is as follows:

2011 CONSTRUCTION COSTS

Project	Balance 10/01/10	Increases-Retainage Included	Decreases-Capitalizations	Decreases-Adjustments	Balance 09/30/11	Remaining Commitments
2000 Mobility Projects - Bonds	$ 37,300,220	$ 9,111,704	$ (7,898,972)	$	$ 38,512,952	$ 1,252
2007 Mobility Projects - Bonds	30,864,194	25,058,579	(8,154,184)		47,768,589	7,411,884
Animal Control Expansion		58,746			58,746	474,458
Animal Control Satellite Office	250	66,888			67,138	
Big Creek	2,137,832	241,123		(272,700)	2,106,255	300,338
Big Creek FBFCWSC - Bonds	11,676,161	64,522		272,700	12,013,383	300
Bridge Construction	24,067				24,067	8,155
CAD Expansion		5,140			5,140	26,568
Commissioners' Courtroom AV Upgrade		226			226	
Courthouse Renovation Grant	48,311	338,711			387,022	
Crabb River Rd Expansion	600,608	27,842			628,450	64,794
Employee Clinic		88,810			88,810	282,109
EMS Facility Prop 3 - Bonds		108,099			108,099	
Facilities - Eugene Heimann Circle - Bonds		36,357	(877)		35,480	
Facilities Tracking Software	26,500				26,500	26,900
Fairgrounds Renovations	178,237				178,237	
FM762 Landscaping		10,268			10,268	
GML Library Prop 2 - Bonds	717,827	10,318			728,145	
Integrated Library System - Polaris		98,998			98,998	22,571
JP2 Expansion	113,941	440,201			554,142	
Kitty Hollow Park Expansion		28,140			28,140	72,751
Lawson Upgrade		149,751			149,751	199,195
Parkway Road District - Bonds	3,704				3,704	
Phone System Upgrade	26,954	422,482			449,436	79,250
Senior Citizens' Community Center	167,511	18,179			185,690	138,920
Sugar Land Library Prop 2 - Bonds	708,162	6,557,110			7,265,272	
Sugarland Annex Parking Lot		52,154			52,154	
Tax Office Missouri City	802,523				802,523	
Taylor House	43,986	9,312			53,298	
Time Management System-GHG		1,040			1,040	
Travis Building Renovation		262,884			262,884	37,521
U of H Library	25,855				25,855	
Upper Oyster Creek	5,321,540	2,248,680			7,570,220	
Projects Completed in FY2011	62,115,119	21,043,825	(83,158,944)			344,813
Totals	$ 152,903,502	$ 66,560,089	$ (99,212,977)	$	$ 120,250,614	$ 9,491,779

Note 6 - Capital Assets (continued)

A summary of changes in the discretely presented component units (Fort Bend County Toll Road Authority and Fort Bend Grand Parkway Toll Road Authority) capital assets for the year ended September 30, 2011, is as follows:

	Discretely Presented Component Units			
	Balance 10/01/10	**Increases**	**Decreases**	**Balance 09/30/11**
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 2,694	$ 1,686,072	$	$ 1,688,766
Construction-in-progress		10,687,100	(814,638)	9,872,461
Total capital assets not being depreciated	2,694	12,373,172	(814,638)	11,561,227
Other capital assets:				
Infrastructure	167,192,767	817,332		168,010,099
Total other capital assets	167,192,767	817,332		168,010,099
Accumulated depreciation for:				
Infrastructure	(18,036,467)	(4,225,092)		(22,261,558)
Total accumulated depreciation	(18,036,467)	(4,225,092)		(22,261,558)
Other capital assets, net	149,156,300	(3,407,759)		145,748,541
Total Governmental Activities capital assets, net	$ 149,158,994	$ 8,965,413	$ (814,638)	$ 157,309,768

Depreciation expense for the Fort Bend County Toll Road Authority and the Fort Bend Grand Parkway Toll Road Authority totaled $4,225,092 for fiscal year 2011.

Construction-in-progress and remaining commitments under related construction contracts for the Fort Bend County Toll Road Authority and the Fort Bend Grand Parkway Toll Road Authority construction projects at September 30, 2011, is as follows:

2011 CONSTRUCTION COSTS

Project	Balance 10/01/10	Increases-Retainage Included	Decreases-Capitalizations	Balance 09/30/11	Remaining Commitments
Fort Bend County Toll System	$	$ 1,908,522	$ (814,638)	$ 1,093,884	$ 53,825
Grand Parkway Toll Road		8,778,578		8,778,578	5,180,620
Totals	$	$ 10,687,100	$ (814,638)	$ 9,872,461	$ 5,234,445

Note 7 - Long-Term Debt

A. General Obligation Bonds and Long-term Liabilities

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Long-term bonded debt at September 30, 2011, is as follows:

	Primary Government			
Original Issue	Description	Interest Rate %	Matures	Debt Outstanding
General Obligation Bonds				
$ 30,245,000	Unlimited Tax Road Bonds, Series 2006	4.00 - 5.00	2026	$ 25,110,000
9,675,000	Fort Bend Flood Control Water Supply Refunding Bonds, Series 2010	2.50 - 4.00	2021	9,605,000
26,000,000	Unlimited Tax Road Bonds, Series 2007	4.00 - 4.25	2027	22,330,000
126,675,000	Facilities Limited Tax Bonds, Series 2007	4.00 - 5.00	2031	126,245,000
48,940,000	Unlimited Tax Road Bonds, Series 2009	3.00 - 5.00	2029	45,665,000
73,430,000	Justice Center Limited Tax Bonds, Series 2009	3.00 - 5.25	2030	70,550,000
20,780,000	Unlimited Tax Road Refunding Bonds, Series 2009	3.00 - 5.00	2021	18,760,000
	Total General Obligation Bonds			$ 318,265,000

The County issues general obligation bonds primarily for the purpose of funding construction projects. The Facilities and Justice Center Limited Tax Bonds were issued to provide funds for the construction of major County facilities. The Unlimited Tax Road Bonds have been issued to fund the acquisition of right-of-way and the construction of roads and bridges that are within the County's major thoroughfare plan. The Fort Bend Flood Control Water Supply Bonds were issued to fund the improvement of the Drainage District infrastructure.

All of the County's outstanding bond issues are subject to federal arbitrage regulations. The County complies with the five year reporting requirements to the Internal Revenue Service for rebate calculation. As of the date of this report, the County has no contingent rebatable arbitrage.

Note 7 - Long-Term Debt (continued)

A. General Obligation Bonds and Long-term Liabilities (continued)

A summary of long-term liability transactions of the County for the year ended September 30, 2011, follows:

	Balance 10/01/10	Additions	Retirements	Balance 09/30/11	Amounts Due Within One Year
General obligation bonds	$ 331,410,000	$ 9,675,000	$ 22,820,000	$ 318,265,000	$ 13,300,000
Premiums on bonds	12,038,573	784,853	780,175	12,043,251	
Totals	343,448,573	10,459,853	23,600,175	330,308,251	13,300,000
Accrued compensated absences	5,392,775	5,864,991	5,697,332	5,560,434	1,390,109
Other post-employment benefits (OPEB) obligation	75,112,628	26,647,414		101,760,042	
Totals	80,505,403	32,512,405	5,697,332	107,320,476	1,390,109
Total Long-Term Liabilities	$ 423,953,976	$42,972,258	$ 29,297,507	$ 437,628,727	$ 14,690,109

In prior years, the General Fund's resources have been used to liquidate other long-term liabilities, including accrued compensated absences.

Annual debt service requirements to maturity for the general obligation bonds are summarized as follows:

	Principal	Interest	Totals
2012	$ 13,300,000	$ 14,698,760	$ 27,998,760
2013	13,725,000	14,154,579	27,879,579
2014	14,295,000	13,541,073	27,836,073
2015	14,740,000	12,935,873	27,675,873
2016	15,185,000	12,317,610	27,502,610
2017-2021	82,525,000	50,561,027	133,086,027
2022-2026	87,810,000	29,979,841	117,789,841
2027-2031	76,685,000	8,219,120	84,904,120
Totals	$ 318,265,000	$ 156,407,883	$ 474,672,883

Note 7 - Long-Term Debt (continued)

A. General Obligation Bonds and Long-term Liabilities (continued)

Discretely presented component unit (Fort Bend County Toll Road Authority) long-term bonded debt as of September 30, 2011, is listed below:

Discretely Presented Component Unit				
Original Issue	**Description**	**Interest Rate %**	**Matures**	**Debt Outstanding**
General Obligation Bonds				
$ 63,695,000	Unlimited Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2003	4.00 - 5.00	2032	$ 62,695,000
72,195,000	Unlimited Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2004	3.63 - 5.00	2032	71,795,000
	Total General Obligation Bonds			$ 134,490,000

A summary of long-term liability transactions of the discretely presented component unit for the year ended September 30, 2011, follows:

	Balance 10/01/10	**Additions**	**Retirements**	**Balance 09/30/11**	**Amounts Due Within One Year**
General obligation bonds	$ 135,890,000	$	$ 1,400,000	$ 134,490,000	$ 1,645,000
Premiums on bonds	3,145,014		142,955	3,002,059	
Totals	$ 139,035,014	$	$ 1,542,955	$ 137,492,059	$ 1,645,000

Annual debt service requirements to maturity the general obligation bonds are summarized as follows:

	Principal	**Interest**	**Totals**
2012	$ 1,645,000	$ 6,665,741	$ 8,310,741
2013	1,900,000	6,596,050	8,496,050
2014	2,345,000	6,499,425	8,844,425
2015	2,820,000	6,370,300	9,190,300
2016	3,530,000	6,209,138	9,739,138
2017-2021	27,160,000	27,425,988	54,585,988
2022-2026	36,840,000	19,352,750	56,192,750
2027-2031	47,310,000	8,882,750	56,192,750
2032-2036	10,940,000	273,500	11,213,500
Totals	$ 134,490,000	$ 88,275,642	$ 222,765,642

Note 7 - Long-Term Debt (continued)

A. General Obligation Bonds and Long-term Liabilities (continued)

On October 12, 2010, the Fort Bend Flood Control Water Supply Corporation ("FBFCWSC") issued $9,675,000 of Revenue Refunding Bonds to refund and defease the FBFCWSC's outstanding Revenue Bonds, Series 2001 of $10,070,000. This advance refunding was undertaken to reduce total debt service payments over the next 10 years by $1,380,843 and resulted in an economic gain of $1,269,369.

B. Conduit Debt

The Fort Bend County Housing Finance Corporation is authorized to finance residential housing by issuing tax-exempt revenue bonds to acquire mortgage loans as security for the payment of the principal and interest of such revenue bonds. The tax-exempt bonds issued by the Corporation do not constitute a debt or pledge of faith of the Corporation, but are payable by the user pursuant to terms defined in the loan agreement underlying each issue. As of September 30, 2011, $11,019,851 of total bonds are outstanding.

The Fort Bend County Industrial Development Corporation is authorized to finance industrial development projects as defined by the Development Act of 1979 by issuing bonds. The bonds issued by the Corporation do not constitute a debt or pledge of faith of the Corporation, but are payable by the user pursuant to terms defined in the loan agreement underlying each issue. During 2011, the corporation issued Recovery Zone Facility Bonds (Accredo Packaging, Inc. Project), Series 2010 bonds in the amount of $11,500,000. As of September 30, 2011, $13,838,919 of total bonds are outstanding.

Note 8 - Employee Retirement System

A. Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 493 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire with eight or more years of service at age 60 and above, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Note 8 - Employee Retirement System (continued)

A. Plan Description (continued)

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

B. Contributions

The employer has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. It was 10.65% for calendar year 2011. The contribution rate payable by the employee members is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

The County's total payroll in fiscal year 2011 was $108.1 million and the County's contributions were based on a payroll of $106.7 million. Contributions made by employees totaled $7.5 million, and the County made contributions of $11.4 million during the fiscal year ended September 30, 2011.

Three-year trend information for the Pension Plan is presented below:

	2011	2010	2009
Annual Pension Cost (APC)	$ 11,418,711	$ 11,235,138	$ 10,187,718
Percentage of APC Contributed	100%	100%	100%
Net Pension Obligation at the End of Period	0	0	0

For the year ended September 30, 2011, the pension cost for the TCDRS plan and the actual contributions made were $11,418,711. Because all contributions are made as required, no pension obligation existed at September 30, 2011.

Actuarial Information	12/31/2010
Actuarial cost method	Entry age
Amortization method	level percentage of payroll, closed
Amortization period	20 years
Asset valuation method	SAF: 10-year smoothed value ESF: Fund value
Assumptions:	
Investment return	8.0%
Projected salary increases	5.4%
Inflation	3.5%
Costs-of-living adjustments	0.0%

Note 8 - Employee Retirement System (continued)

C. Funded Status and Funding Progress

A schedule of funded status as of the most recent actuarial valuation is as follows:

Schedule of Funding Information		
Actuarial valuation date		12/31/2010
Actuarial value of assets	$	257,926,802
Actuarial accrued liability (AAL)	$	307,767,507
liability (UAAL or OAAL)	$	49,840,705
Funded ratio		83.81%
Annual covered payroll (actuarial)	$	106,041,139
UAAL or OAAL as % of covered payroll		47.00%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for the benefits.

Note 9 - Deferred Compensation Plan

The County offers all of its full-time employees a deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code. Nationwide Retirement Solutions, Security Benefit Life, and Edward Jones have been appointed as plan administrators. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or emergency. Amounts of compensation deferred by employees under the plan provisions are disbursed to the plan administrators after each pay period. The plan administrators hold all funds invested in the plan and disburse funds to employees in accordance with plan provisions. The County does not maintain significant oversight of the plan administrators' activities.

Note 10 - Other Post-Employment Benefits

A. Plan Description

In addition to providing pension benefits through the Texas County and District Retirement System, the County sponsors and administers a single-employer defined benefit health care plan titled "Fort Bend County Employee Benefit Plan" ("Plan"). The Plan was established and approved by Fort Bend County Commissioners Court and Chapter 175 of the Local Government Code which provides eligible employees, retirees, and their eligible dependents with the following post-employment benefits:

- Eligible retirees have a portion of their medical and dental insurance premiums paid by the County for participation with the County's healthcare provider; and at the County's cost to cover current employees

- Eligible dependents of retirees have a portion of their medical and dental insurance premiums paid by the County for participation with the County's healthcare provider; and at the County's cost to cover current employees

The Plan does not issue a separate, publicly available report.

Note 10 - Other Post-Employment Benefits (continued)

B. Funding Policy and Contribution Rates

The contribution requirements of the County and plan members are established and may be amended by Commissioners Court. These contributions are neither guaranteed nor mandatory. The County has retained the right to unilaterally modify its payments toward retiree healthcare benefits. The Plan provides for the payment of a portion of the health and dental insurance premiums for eligible retired employees and their dependents. Plan members receiving benefits contribute a percentage of the monthly insurance premium. Currently, the Plan pays a portion of the retiree's premiums, as well as his or her dependent coverage. The retiree contributes the premium cost each month, less the Plan subsidy.

The County is statutorily required to permit retiree participation in the health insurance program on a pooled non-differentiated basis. The County, therefore, charges both groups an equal, blended rate premium. Although both groups are charged the same rate, GAAP requires the actuarial figures to be calculated using age adjusted premiums approximating claim costs for retirees separately from active employees. The use of age adjusted premiums results in the addition of an implicit rate subsidy into the actuarial accrued liability. However, the County has elected to contribute to the Plan at a rate that is based on an actuarial valuation prepared using the blended rate premium that is actually charged to the Plan.

The County recognizes its share of the costs of providing these benefits when paid, on a "pay-as-you-go" basis. These payments are budgeted annually. At September 30, 2011, there were 365 retirees receiving benefits and approximately 2,275 active members not yet eligible to receive such benefits. Commencing in fiscal 2008, the County implemented GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions." The County has performed an actuarial valuation of its post-retirement benefit liability. The financial statement disclosures for 2011 are as follows:

Note 10 - Other Post-Employment Benefits (continued)

C. Annual OPEB Costs and Net OPEB Obligation

For fiscal year 2011, the County's annual OPEB cost for the Plan was $31,751,414. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended September 30, 2011, were as follows:

	Fiscal Year Ending 9/30/11
Determination of Annual Required Contribution	
Normal Cost at Fiscal Year End	$ 17,130,282
Amortization of Unfunded Actuarial Accrued Liability	15,793,330
Annual Required Contribution (ARC)	32,923,612
Determination of Net OPEB Obligation	
Annual Required Contribution	32,923,612
Interest on prior-year Net OPEB Obligation	3,004,505
Adjustment to ARC	(4,176,703)
Annual OPEB Cost	31,751,414
Less Assumed Contributions Made	(5,104,000)
Estimated Increase in Net OPEB Obligation	26,647,414
Net OPEB Obligation - Beginning of Year	75,112,628
Net OPEB Obligation - End of Year	$ 101,760,042
Percentage of OPEB Cost Contributed	16.1%

D. Trend Information

The following table shows the annual OPEB cost and net OPEB obligation for the prior three years assuming the plan is not prefunded (4% discount):

Fiscal Year Ended	Discount Rate	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2009	4%	$ 26,608,211	7.3%	$ 48,819,922
2010	4%	$ 30,699,706	14.4%	$ 75,112,628
2011	4%	$ 31,751,414	16.1%	$ 101,760,042

Note 10 - Other Post-Employment Benefits (continued)

E. Funded Status and Funding Progress

A schedule of funded status as of the most recent actuarial valuation is as follows:

Actuarial valuation date		October 1, 2009
Actuarial value of plan assets (a)		$0
Actuarial accrued liability (AAL) (b)	$	240,282,297
Unfunded/(Overfunded) actuarial accrued liability (UAAL or OAAL) (b-a)	$	240,282,297
Funded Ratio (a/b)		0.0%
Annual Covered Payroll (c)	$	104,983,019
UAAL or OAAL as % of covered payroll ((b-a)/c)		228.9%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

F. Actuarial Methods and Assumptions

The actuarial cost method used for determining the benefit obligations is a Projected Unit Credit Cost Method. Under this method, the actuarial present value of projected benefits is the value of benefits expected to be paid for current actives and retirees and is calculated based on certain assumptions and census data. The Actuarial Accrued Liability (AAL) is the actuarial present value of benefits attributed to employee service rendered prior to the valuation date. The AAL equals the present value of benefits multiplied by a fraction equal to service to date over service at expected retirement. The Normal Cost is the actuarial present value of benefits attributed to one year of service. This equals the present value of benefits divided by service at expected retirement. Since retirees are not accruing any more service, their normal cost is zero. In determining the Annual Required Contribution, The Unfunded AAL is amortized as a level dollar over 30 years. The actuarial assumptions included a 4% per annum discount rate for valuing liabilities. Employees eligible for retiree medical benefits assumed to elect continued medical coverage in retirement for themselves and their spouses is 100% and 40% respectively. The valuation assumes a 4.9% to 8.5% healthcare cost trend increase beginning in fiscal year 2010 based on the premiums of the respective plan types, reduced by decrements to rates of 4.9% to 6.1% after 7 years.

Note 11 – Net Pension Obligation and Other Post-Employment Benefits Funding in Prior Years

The governmental funds that have been used to fund the net pension obligation and other post-employment benefit obligations in prior years have been General Fund and Drainage. Drainage has only funded these obligations for retirees that worked for that department through the date of their retirement. All other obligations for retirees have been funded within General Fund.

Note 12 – Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of September 30, 2011, fund balance for the government fund is made up of the following:

Nonspendable Fund Balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance - includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the County's highest level of decision-making authority, the County's Board. Commitments may be changed or lifted only by the County taking the same formal action that imposed the constraint originally.

Assigned Fund Balance – comprises amounts intended to be used by the County for specific purposes that are neither restricted nor committed. *Intent* is expressed by (1) the County's Board or (b) a body (for example: a budget or finance committee) or official to which the County's Board has delegated the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

GASB 54 requires disclosure of any formally adopted minimum fund balance policies. The County's policy is to budget to maintain a minimum fund balance of 15% of the County's General Fund annual operating expenditures. If the actual fund balance drops below 15%, it shall be budgeted for recovery the following year. This policy is reviewed annually.

Fund balances for all the major and non-major governmental funds as of September 30, 2011, were distributed as shown on the following page:

Note 12 – Fund Balances (continued)

	General	Debt Service	Other Governmental Funds	Total
Nonspendable:				
Prepaid expenses	$ 136,007	$	$ 69,379	$ 205,386
Subtotal	136,007		69,379	205,386
Restricted for:				
General administration			2,650,738	2,650,738
Financial administration			25,108	25,108
Administration of justice			3,222,487	3,222,487
Construction and maintenance			24,035,147	24,035,147
Health and welfare			141,149	141,149
Public safety			4,288,171	4,288,171
Library			138,865	138,865
Debt service		5,181,758		5,181,758
Subtotal		5,181,758	34,501,665	39,683,423
Committed to:				
Capital projects	33,106,759			33,106,759
Subtotal	33,106,759			33,106,759
Unassigned	10,816,215		(4,419,144)	6,397,071
Total Fund Balances	$ 44,058,981	$ 5,181,758	$ 30,151,900	$ 79,392,639

Note 13 - Contingencies and Commitments

A. Construction Contract Commitments

The County had several capital improvement commitments at September 30, 2011. A contract between two parties does not result immediately in the recognition of a liability. Instead, a liability is incurred when performance has occurred under the contract. Until such time as performance takes place, these contracts represent a commitment rather than a liability. These commitments and their related construction-in-progress are summarized in Note 6.

B. Litigation and Other Contingencies

The County is contingently liable with respect to lawsuits and other claims in the ordinary course of its operations. The settlement of such contingencies under the budgetary process would not materially affect the financial position of the County as of September 30, 2011.

Note 14 - Risk Management

The County is exposed to various risks related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The County's risk management program encompasses various means of protecting the County against loss through self-insurance and obtaining property, casualty, and liability coverage through commercial insurance carriers. Settled claims have not exceeded insurance coverage in any of the previous three fiscal years. There has not been any significant reduction in insurance coverage from that of the previous year.

Note 14 - Risk Management (continued)

Liabilities have been recorded for workers' compensation, auto liability, general liability, and employee benefits. These liabilities are recorded when it is probable that a loss has occurred and the amount can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends, and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses regardless of whether allocated to specific claims. Non-incremental claim adjustment expenses have not been included as part of the liability for claims and judgments. However, estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Changes in the balances of claims liabilities during the past two years are as follows:

	Year ended 9/30/2011	Year ended 9/30/2010
Unpaid claims, beginning of year	$ 7,150,314	$ 5,706,627
Incurred claims (including IBNRs)	26,968,699	26,418,069
Claim payments	(26,378,579)	(24,974,382)
Unpaid claims, end of year	$ 7,740,434	$ 7,150,314

Note 15 – Deficit Net Assets

As of September 30, 2011, Other Self-Funded Insurance Fund has deficit net assets of $2,507,201. This was caused by increased workers' compensation claims during fiscal year 2010. Management plans to increase the allocation for Other Self-Funded Insurance by 33% annually over the next three years to eliminate this deficit net assets balance.

As of September 30, 2011, the Fort Bend Grand Parkway Toll Road Authority has deficit net assets of $3,745,020. This was caused by loans from the Fort Bend County Toll Road Authority and the County General Fund to begin construction of the Fort Bend Grand Parkway Toll Road. The issuance of bonds in fiscal year 2012 will allow for these loans to be repaid and eliminate this deficit net assets balance.

Note 16 – Deficit Fund Balance

As of September 30, 2011, Mobility 2009 Projects fund has a deficit fund balance of $4,418,611. This was caused by a loan from General Fund to continue the road construction projects after the bond proceeds were exhausted. The issuance of the next mobility bonds will allow for this loan to be repaid and the elimination of the fund balance deficit.

Note 17 – Restatement of Beginning Net Assets

During the 2011 fiscal year, the County made adjustments to its capital asset records. As a result of these adjustments, the County has restated its beginning capital asset amounts for construction in progress, vehicles, office furniture and equipment, road equipment, and buildings-facilities-and improvements by ($511,313), ($696,472), $33,855, $915,335, and $314,959 respectively. Accumulated depreciation for vehicles, office furniture and equipment, road equipment, and buildings facilities and improvements by $864,752, ($17,539), $892,029, and $2,144 respectively. Therefore, governmental activities beginning net assets total was increased by $9,403.

Note 18 - Subsequent Event

Fort Bend County has plans for three bond sales in fiscal year 2012. The next issue of mobility bonds approved by voters in May 2007 is planned for April 2012 in the amount of $65 million in unlimited tax road bonds. The Fort Bend County Toll Road Authority plans to issue $20 million in revenue bonds during the summer of 2012 for the State Highway 6 underpass as an extension of the Fort Bend Parkway Toll Road. The Fort Bend Grand Parkway Toll Road Authority plans to issue $175 million in revenue bonds for the construction of tolled overpasses along State Highway 99 from US 59 to the Westpark Tollway.

Note 19 – Fort Bend County Toll Road Authority Capital Asset Adjustment

A portion of the depreciable capital asset for the Fort Bend County Toll Road Authority (Authority) will be reclassified as non-depreciable in fiscal year 2012 on the Statement of Net Assets. This reclassification relates to the acquisition of right of way for the Toll Road System during fiscal years 2003 and 2004. This adjustment will require a correction of depreciation expense that was previously taken on these non-depreciable capital acquisitions in fiscal years 2005 through 2011 on the Statement of Changes in Net Assets. The analysis and identification of these non-depreciable capital acquisitions for the Toll Road System are being performed by the Authority and will be completed and presented to the County Auditor in fiscal year 2012 for correction.

APPENDIX D

EXCERPTS FROM THE AUTHORITY'S FINANCIAL REPORT FOR FISCAL YEAR ENDED SEPTEMBER 30, 2011

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
FINANCIAL REPORT
For the Year Ended September 30, 2011

Prepared by:

Fort Bend County Auditor's Office

Robert Ed Sturdivant, CPA

County Auditor

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
TABLE OF CONTENTS

	Page(s)
INTRODUCTORY SECTION	
Letter of Transmittal	i-iii
FINANCIAL SECTION	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-5
Basic Financial Statements	
Statement of Net Assets	9
Statement of Activities	10
Statement of Cash Flows	11
Notes to the Financial Statements	12-15

COUNTY AUDITOR
Fort Bend County, Texas

Robert Ed Sturdivant
County Auditor

281-341-3769, 281-341-3744 (fax)
sturdrob@co.fort-bend.tx.us

March 9, 2012

To the Board of Directors of the Fort Bend Grand Parkway Toll Road Authority, Members of the Commissioners' Court, and Citizens of Fort Bend County, Texas:

The Fort Bend County Auditor's Office is pleased to present the Basic Financial Statements of the Fort Bend Grand Parkway Toll Road Authority ("Authority"), a component unit of Fort Bend County ("County"), for the fiscal year ended September 30, 2011. This report is submitted in accordance with Section 114.025 of the Texas Local Government Code and was prepared by the staff of the County Auditor's Office.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Sandersen Knox and Company, LLP has issued an unqualified (or "clean") opinion on the Authority's financial statements for the year ended September 30, 2011. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis ("MD&A") immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Authority

In 2007, during the 80th Texas Legislature, Senate Bill 792 was signed into law giving counties the option to take over development of the Grand Parkway from the Texas Department of Transportation (TxDOT). In September of 2009, Fort Bend County Commissioner's Court ("Court") signed their order to assume the responsibility of financing, designing, constructing, operating and tolling Segment D of the Grand Parkway. The Authority was created by the Court as a local government corporation pursuant to the Texas Transportation Code.

The Authority, located in Sugar Land, Texas, is underway with this new key mobility project for the County; Segment D of the Grand Parkway. Segment D of the Grand Parkway will be the third such effort by the County to provide alternative transportation options for Fort Bend County residents and the greater Houston area in the form of a toll road.

In May of 2011, the Authority executed the "Right of Use" agreement with TxDOT allowing the Authority to use state highway right-of-way (ROW) and giving the green light to begin construction of the nine (9) new tolled overpasses and eight (8) miles of main-lane development that ultimately create Segment D of the Grand Parkway. Construction of the first two overpasses began in August of 2011 with the additional overpasses and main-lanes construction to begin early summer of 2012.

Local Economy

The County continues to experience the impact of the national economic slowdown. The impact of the slowdown is evident in the reduction in new home sales, a slightly lower increase in the labor force, and an increase in the unemployment rate. However, this has not decreased the demand for mobility improvements by the citizens of the County. The Authority plans to use a conservative approach to the allocation of resources to serve the County's needs in relation to the development of the Grand Parkway Toll Road to ensure that the County is prepared as the economic slowdown continues. This ongoing conservative approach will not change the Authority's focus on providing the level of service demanded by the residents of the County.

Long-Term Financial Planning and Relevant Financial Policies

Budget

The Authority adopts a one-year budget through its fully coordinated financial planning process. The budget implements strategies, both financial and operational, identified through the strategic and long-range planning process to meet existing challenges and to effectively plan for future needs. The budget is a financial plan for a fiscal year of operations that matches all planned revenues and expenses with the services provided the citizens of the County based on the established budget policy. Decisions are not based solely on current conditions but on the long-term welfare of the community. The budget is developed and resources allocated based on the vision, mission, and goals of the Authority and County.

Long-Term Comprehensive Plan

The Authority's long-term plan is to manage, maintain, and expand the Grand Parkway Toll Road by adding tolled overpasses to the existing road to enhance the County's master thoroughfare system.

Capital Improvement Program

The Authority maintains a multi-year Capital Projects Plan that includes toll road mobility projects.

These capital initiatives involve the construction of tolled overpasses at West River Park, New Territory Blvd., US90A/FM1464, West Airport, Harlem Road, Mason Road, West Belfort/Morton Road, Peek Road (design only), Bellaire Blvd., and FM1093/Westpark Tollway.

Debt Policy

The purpose of the County's Debt Policy (which includes the Authority) is to establish guidelines for the utilization of debt instruments issued by the County and Authority whether payable from County taxes or payable from certain revenues of the County or Authority.

The County and Authority will ensure all uses of debt instruments are in compliance with all statutory requirements, and in accordance with the guidelines, outstanding ordinances, insurance covenants, and existing agreements. Further, the County and Authority will ensure that the utilization of any debt instrument provides the most prudent and cost-effective funding possible, taking all material matters into

account.

Major Initiatives

Mobility remains one of the top priorities of the Authority as the County continues to grow and develop. With the major roadways already heavily congested, mobility has been, and continues to be, a primary concern. Continued residential and commercial expansion has increased the use of County roads. Right-of-way acquisitions for future roads have required more focus on future planning to prevent project delays. Completed toll road projects have proven to be effective in reducing congestion and enhancing safety within the County.

Acknowledgements

The preparation of this report could not be achieved without the efficient and dedicated services of the staff of the County Auditor's Office and Sandersen Knox & Company, LLP, our independent auditor.

Respectfully submitted,



Robert E. Sturdivant, CPA
County Auditor
Fort Bend County, Texas

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY MISSION STATEMENT

The Fort Bend Grand Parkway Toll Road Authority (FBGPTRA) was created by the Fort Bend County Commissioners Court as a local government corporation pursuant to the Texas Transportation Code, to aid, assist, and act on behalf of the County in the performance of its essential government purposes, including toll road projects.


THE STATE OF TEXAS
FORT BEND COUNTY

Sandersen Knox & Co, L.L.P.
Certified Public Accountants
140 Industrial Blvd, Suite 140 · Sugar Land, Texas 77478 · (281) 242-3232 · fax 281-494-4552 · www.sktx.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Fort Bend Grand Parkway Toll Road Authority
Fort Bend County, Texas

We have audited the accompanying financial statements of the Fort Bend Grand Parkway Toll Road Authority (the "Authority") as of and for the year ended September 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1A, the financial statements present only the Authority and do not purport to, and do not, present fairly the financial position of Fort Bend County, Texas, as of September 30, 2011, and the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2011, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's financial statements as a whole. The introductory section is presented for purposes of additional analysis and is not a required part of the financial statements. The introductory section has not been

subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Sugar Land, Texas
March 9, 2012

As management of the Fort Bend Grand Parkway Toll Road Authority ("Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Government-wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, liabilities exceeded assets by $3,745,020 at the close of the most recent fiscal year.

As of September 30, 2011, the Authority's net assets included $8,778,577 for investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Authority had $12,523,669 in other liabilities for short-term borrowings from the Fort Bend County Toll Road Authority ($2 million) and Fort Bend County (approximately $10.3 million). The Authority uses capital assets to provide services to citizens. Consequently, these assets are not available for future spending.

Since the Authority had no financial activity prior to the fiscal year ended September 30, 2011, there is no comparative information to report until the fiscal year ended September 30, 2012.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
CONDENSED STATEMENT OF NET ASSETS
September 30, 2011

	2011
Current and other assets	$ 72
Capital assets, net	8,778,577
Total Assets	8,778,649
Long-term liabilities	
Other liabilities	12,523,669
Total Liabilities	12,523,669
Net Assets:	
Invested in capital assets, net of related debt	8,778,577
Unrestricted	(12,523,597)
Total Net Assets	$ (3,745,020)

The Authority's liabilities exceeded its assets by $3,745,020. This deficit is due to the Authority using short-term financing to achieve all operating and capital activities.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
For the year ended September 30, 2011

	2011
Revenues	
Non-operating revenues:	
Miscellaneous income	$ 72
Total Revenues	72
Expenses	
Operating expenses:	
Fees	3,712,411
Operating interest	32,681
Total Expenses	3,745,092
Change in Net Assets	(3,745,020)
Net Assets, Beginning	
Net Assets, Ending	$ (3,745,020)

At the end of the current fiscal year, the Authority reported a deficit balance in net assets of $3,745,020.

The Authority has no completed components as of September 30, 2011 therefore no operating revenues were recognized. The key element of the decrease in net assets was due to approximately $3.7 million in fees for consulting, engineering, legal, and administrative activities.

Capital Assets and Debt Administration

Capital Assets - At the end of fiscal year 2011, the Authority had $8,778,577 invested in toll road construction in progress, as reflected in the following schedule.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY'S
CAPITAL ASSETS

	2011
Non-Depreciable Capital Assets	
Construction in progress	$ 8,778,577
Totals	$ 8,778,577

Additions to toll road construction in progress were the result of construction activities on the West River Park, and West Airport overpasses.

Economic Factors

The County continues to enjoy growth in various demographic areas during this ongoing economic slowdown.

The population of the County is estimated at 606,786 in 2011 and is expected to grow by 4.44% annually through 2015. Total employment is estimated at 235,961 in 2011 and is expected to grow by 3.37% annually over the same period.

The number of households has increased to 195,264 in 2011 and is expected to grow to 230,330 by 2015. Mean household income for 2011 is $129,337 and is estimated to rise to $146,579 by 2015. Income per capita is currently at $41,986 and is expected to grow to $48,116 by 2015. Retail sales increased by 7.8% to $6.19 billion in 2011 and are expected to grow to $7.37 billion by 2015.

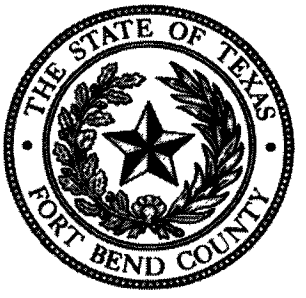
Mobility improvements continue to be a demand from the residents of Fort Bend County. The Authority is proceeding with several toll road projects that will enhance and compliment the County's road system.

Requests for Information

This financial report is designed to provide a general overview of Authority's finances for all of those with an interest in the Authority's finances. Questions concerning this report or requests for additional financial information should be directed to Ed Sturdivant, County Auditor, 301 Jackson, Suite 533, Richmond, TX 77469, telephone (281) 341-3760.


THE STATE OF TEXAS
FORT BEND COUNTY

BASIC FINANCIAL STATEMENTS


THE STATE OF TEXAS
FORT BEND COUNTY

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY

STATEMENT OF NET ASSETS

September 30, 2011

Assets	
Cash and cash equivalents	$ 72
Capital assets, not subject to depreciation	8,778,577
Total Assets	8,778,649
Liabilities and Net Assets	
Liabilities	
Due to primary government	10,286,786
Due to Fort Bend County Toll Road Authority	2,000,000
Retainage payable	204,202
Accrued interest payable	32,681
Total Liabilities	12,523,669
Net Assets	
Invested in capital assets, net of related debt	8,778,577
Unrestricted	(12,523,597)
Total Net Assets	$ (3,745,020)

The accompanying notes are an integral part of these financial statements.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2011

Operating Expenses	
Fees	$ 3,712,411
Operating interest	32,681
Total Operating Expenses	3,745,092
Operating (Loss)	(3,745,092)
Non-Operating Revenues	
Miscellaneous income	72
Total Non-Operating Revenues	72
Change in Net Assets	(3,745,020)
Total Net Assets, Beginning of Year	
Total Net Assets, End of Year	$ (3,745,020)

The accompanying notes are an integral part of these financial statements.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2011

Cash Flows from Operating Activities	
Payment of toll operation expenses	$ (3,540,890)
Receipts from miscellaneous income	72
Net Cash (Used) by Operating Activities	(3,540,818)
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	(8,778,578)
Advance from Fort Bend County Toll Road Authority	2,025,125
Advance from primary government	10,294,343
Net Cash Provided by Capital and Related Financing Activities	3,540,890
Net Increase in Cash and Cash Equivalents	72
Cash and Cash Equivalents, Beginning of Year	
Cash and Cash Equivalents, End of Year	$ 72
Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities	
Operating (Loss)	$ (3,745,092)
Adjustments to operations:	
Other non-operating revenues	72
Change in assets and liabilities:	
Increase in retainage payable	204,202
Total adjustments	204,274
Net Cash (Used) by Operating Activities	$ (3,540,818)

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Fort Bend Grand Parkway Toll Road Authority ("Authority") is organized under the Texas Transportation Corporation Act and the Texas Non-Profit Corporation Act. The Authority was created to assist in the planning, designing, financing and building of Grand Parkway/State Highway 99. In particular, the Authority is to assist in the building and operation of the Grand Parkway Toll Road. This Toll Road system includes tolled overpasses at West River Park, New Territory Blvd., US90A/FM1464, West Airport, Harlem Road, Mason Road, West Belfort/Morton Road, Peek Road (design only), Bellaire Blvd., and FM1093/Westpark Tollway.

Based on criteria prescribed by generally accepted accounting principles, the Authority is considered a discretely presented component unit of Fort Bend County, Texas ("the County"). The primary criteria for the inclusion of the Authority in the County's reporting entity is that of financial accountability. The Commissioners' Court, the elected governing body of the County, appoints the Authority's governing body. The County has financial accountability because it appoints a voting majority of the Board and the County can impose its will. As such, the County is financially accountable for the Authority and the Authority is considered a discretely presented component unit of the County.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accompanying basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. With this measurement focus, all assets and all liabilities associated with the operations of these activities are included in the statement of net assets.

C. Cash and Cash Equivalents

The Authority's cash and cash equivalents consist of demand deposits and investment pools.

D. Receivables

Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

E. Capital Assets

Capital assets consist of infrastructure that is used in the Authority's operations. All capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their estimated fair value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and the resulting gain or loss is included in the results of operations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Capital Assets (continued)

The Authority applies a half-year convention for depreciation on all assets. Therefore, one-half year of depreciation is charged to operations the first and last year that an asset is in service. Depreciation is computed using the straight-line method over an estimated useful life of 20 to 40 years.

F. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

G. Restricted/Unrestricted Net Assets

It is the Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

H. Date of Management's Review

In preparing the financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through March 9, 2012, the date that the financial statements were available to be issued.

NOTE 2 - DEPOSITS (CASH) AND INVESTMENTS

A. Authorization for Deposits and Investments

The Texas Public Funds Investment Act (PFIA), as prescribed in Chapter 2256 of the Texas Government Code, regulates deposits and investment transactions of the Authority.

In accordance with applicable statutes, the County has a depository contract with an area bank (depository) providing for interest to be earned on deposited funds and for banking charges the Authority incurs for banking services received. The Authority may place funds with the depository in interest and non-interest bearing accounts. State law provides that collateral pledged as security for bank deposits must have a market value of not less than the amount of the deposits and must consist of: (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas; and/or (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent. County policy requires the collateralization level to be at least 110% of market value of principal and accrued interest.

Commissioners' Court has adopted a written investment policy regarding the investment of the Authority's funds as defined by the Public Funds Investment Act (Chapter 2256, Texas Government Code). The investments of the Authority are in compliance with this policy.

NOTE 2 - DEPOSITS (CASH) AND INVESTMENTS (continued)

B. Concentration of Credit Risk

It is the County's policy to diversify its portfolio to eliminate the risk of loss resulting from a concentration of assets in a specific maturity (save and except zero duration funds), a specific issuer or a specific class of investments. The County manages adherence to this policy for the Authority. To achieve this diversification, the County will limit investments in specific types of securities to the following percentages of the total portfolio:

Investment Type	Maximum Investment %
Repurchase Agreements	up to 35%
Certificates of Deposit	up to 50%
U.S. Treasury Bills/Notes	up to 100%
Other U.S. Government Securities	up to 80%
Authorized Local Government Investment Pools	up to 80%
No Load Money Market Mutual Funds	up to 50%
Bankers Acceptances	up to 15%

At September 30, 2011, 100% of the Authority's cash and cash equivalents were contained in demand deposit accounts.

C. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The County monitors interest rate risk for the Authority by utilizing weighted average maturity analysis. In accordance with its investment policy, the County reduces its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio as a whole to no more than 3 years. At year-end, the Authority's cash and investment balances and the weighted average maturity of these investments were as follows:

	Fair Value	Weighted Average Maturity	Percentage of Total Portfolio
Demand Deposits	$ 72	1	100.0%
Total Cash and Cash Equivalents	$ 72		
Portfolio weighted average maturity (days)		1	

NOTE 3 – CAPITAL ASSETS

A summary of changes in capital assets for the year ended September 30, 2011 is as follows:

	Balance 10/01/10	Increases	Decreases	Balance 09/30/11
Business-type Activities:				
Capital assets not being depreciated:				
Construction in progress	$	$ 8,778,577	$	$ 8,778,577
Total capital assets not depreciated		8,778,577		8,778,577
Total capital assets	$	$ 8,778,577	$	$ 8,778,577

Additions to toll road construction in progress were the result of construction activities on the West River Park, and West Airport overpasses. There are also contract commitments of approximately $5.2 million as of the end of fiscal year 2011.

NOTE 4 - CONTINGENCIES AND COMMITMENTS

Litigation and Other Contingencies

The Authority is contingently liable with respect to lawsuits and other claims in the ordinary course of its operations. The settlement of such contingencies under the budgetary process would not materially affect the financial position of the Authority as of September 30, 2011.

NOTE 5 – ADVANCE FUNDING / NEGATIVE NET ASSETS

During the year ended September 30, 2011, the Authority received advance funding from the Fort Bend County Toll Road Authority to begin construction of the tolled overpasses along Grand Parkway. No bonds have been issued to fund the construction that was underway at September 30, 2011. Due to the advance funding and planned bond issuance during fiscal year 2012, the Authority has a negative asset balance at September 30, 2011.

NOTE 6 – SUBSEQUENT EVENTS

The Authority has begun the construction of the West River Park and West Airport overpasses. Over the next eighteen months the Authority will complete overpasses at New Territory Blvd., US90A/FM1464, Harlem Road, Mason Road, West Belfort/Morton Road, Peek Road (design only), Bellaire Blvd., and FM1093/Westpark Tollway. The Authority plans to issue bonds to fund these overpasses in fiscal year 2012.

(This page intentionally left blank.)

APPENDIX E

GLOSSARY OF TERMS

The following sets forth certain definitions used in this Official Statement. Reference is made to the Indenture, copies of which may be obtained from the Authority, for a full and complete statement of its provisions. The definitions below have been excerpted from the Indenture which is in substantially final form, but may change prior to the closing and may thereafter be amended in accordance with its terms. A summary of the Master Indenture is included in APPENDIX F. See also the section captioned "SECURITY AND SOURCE OF PAYMENT."

"Account" or "Accounts" shall mean anyone or more, as the case may be, of the separate special accounts created and established in Section 502 of the Indenture.

"Accountant" shall mean any certified public accountant or firm of certified public accountants or accounting corporation of recognized experience and qualifications, selected by the Authority and may be the accountant or firm of accountants that regularly audits the books of the Authority.

"Accountant's Certificate" shall mean a certificate signed by the Accountant.

"Act" shall mean collectively Chapter 284, Texas Transportation Code, Chapter 431 Transportation Code and Chapters 1201, 1207, 1371 and 1431, Texas Government Code, as amended.

"Additional Subordinate Lien Bonds" shall mean the additional subordinate lien revenue bonds, notes and obligations permitted to be issued by the Authority pursuant to Section 702 of the Indenture.

"Aggregate Debt Service" shall mean for any Fiscal Year, as of the date of calculation, the sum of the amounts of Debt Service for such year with respect to all Bonds.

"Amortized Value" shall mean the value of an Investment Security calculated by adding the amount of the premium to the par value of the Investment Security or deducting the amount of the discount from the par value of the Investment Security, as the case may be, after such premium or discount has been amortized according to Generally Accepted Accounting Principles for the number of days since the acquisition of the Investment Security.

"Annual Budget" shall mean the annual budget of the Authority for the Project that is adopted pursuant to Section 807 of the Indenture, as amended or supplemented, adopted, or in effect for a particular year or fraction thereof.

"Authority" shall mean the Fort Bend Grand Parkway Toll Road Authority, a local government corporation organized and authorized under Chapter 431 of the Texas Transportation Code.

"Authorized Officer of the Authority" shall mean the President or Vice President of the Authority or any officer or employee of the Authority designated as an "Authorized Officer of the Authority" by Supplemental Indenture, resolution or order duly adopted by the Board of Directors of the Authority.

"Average Annual Debt Service Requirements" shall mean, as of any particular date of computation, the aggregate of the Debt Service Requirements on each series of Bonds divided by the number of years from the date of computation to the date the last Outstanding Bond, at the time of computation, matures. The Average Annual Debt Service Requirement is computed and recomputed upon (1) the issuance of each series of Subordinate Lien Bonds and (2) on each date on which Subordinate Lien Bonds mature or are optionally or mandatorily redeemed. For purposes of this computation a fraction of a year will be considered a full year. In the case of any series of Bonds which (i) has a final maturity date of less than ten years but more than two years from any particular date of computation or (ii) is secured by an unconditional commitment from a financial institution (which commitment as to

form, substance and institution are acceptable to the Trustee) providing for the refinancing of such Bonds, the Average Annual Debt Service Requirements shall be computed as if all of such Bonds matured on a single date which is twenty-five years after the date of issuance of such Bonds.

"Bondowner," "Owner of Bonds" or "Owner" shall mean the registered owner of any Bond as to both principal and interest.

"Bond" or "Bonds" shall mean "Subordinate Lien Bonds."

"Business Day" shall mean a day which is not a Saturday, Sunday or banking holiday in New York City or Houston, Texas.

"Capitalized Lease Obligation" shall mean any obligation of the Authority, as lessee, to pay rent under a lease of real or personal property, which obligation, in the judgment of the Accountant, is required to be capitalized on a balance sheet of the lessee in accordance with Generally Accepted Accounting Principles.

"Commissioners Court" shall mean the Commissioners Court of Fort Bend County, Texas which is the governing body of the County.

"Construction Fund" shall mean the "Construction Fund" created and established by Section 502 of the Indenture.

"Consulting Engineers" shall mean the Authority Engineer or the engineering firm or firms at the time employed by the Authority pursuant to the provisions of the Indenture to carry out the duties imposed by the Indenture on the Consulting Engineers.

"Cost" or "Cost of the Project" shall mean all costs of acquisition, construction, improvement, operation and maintenance of the Project that is a qualified Cost under the Act.

"Costs of Issuance" shall mean the items of expense payable or reimbursable directly or indirectly by the Authority and related to the authorization, sale and issuance of Bonds, which items of expense shall include without limiting the generality of the foregoing: travel expenses; printing costs; costs of reproducing documents; computer fees and expenses; filing and recording fees; initial fees and charges of the Trustee and Paying Agents; bond discounts; legal fees and charges; consulting fees and charges; auditing fees and expense; financial advisor's fees and charges; costs of credit ratings; insurance premiums; fees and charges for execution, transportation and safekeeping of Bonds; and other administrative or other costs of issuing carrying and repaying such Bonds and investing the Bond proceeds.

"Counsel's Opinion" shall mean an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds (who may also be counsel to the Authority) selected by the Authority and satisfactory to the Trustee.

"County" shall mean Fort Bend County, Texas, a body politic and corporate and a political subdivision of the State of Texas.

"County Reimbursement Fund" shall mean the "County Reimbursement Fund" created pursuant to Section 502 of the Indenture.

"County Reimbursement Obligation" shall mean an amount required to be repaid to the County in accordance with the terms of the Joint Project Agreement.

"Credit Agreement" shall mean any agreement between the Authority and a third party financial institution, political subdivision, or the State of Texas, pursuant to which such party issues a letter of credit, municipal bond insurance policy, line of credit, standby purchase agreement, surety policy, surety bond or other guarantee or credit support document for the purpose of enhancing the creditworthiness or liquidity of any of the Authority's obligations including and pursuant to the terms of any Bonds or Qualified Hedge Agreements and in consideration for which the

Authority may agree to pay, but solely from Net Revenues as provided herein, (i) periodic payments for the availability of such Credit Agreement and/or (ii) reimbursements or repayments of any amounts advanced under such Credit Agreement, together with interest and other stipulated costs and charges related to such amounts advanced. Bonds of the Authority issued pursuant to or in connection with a Credit Agreement shall be deemed to be, and shall be included within, the Debt Service Requirements for the series of Bonds to which the Credit Agreement relates. Each Credit Agreement shall be deemed to be a part of the Bonds of the series to which it relates for the purpose of securing its payment or repayment by the pledge of Net Revenues as provided in the Indenture. However, issuers of Credit Agreements shall not be treated as Owners of Bonds for purposes of any voting rights to approve amendments or to direct the exercise of any remedies under the Indenture.

"Debt Service Requirements" shall mean, as of any date of calculation, an amount equal to the sum of the following for any period and with respect to all or any portion of the Bonds:

(a) Current interest scheduled to accrue during such period on such Bonds, except to the extent that provision for the payment of such interest has been made by (i) appropriating for such purpose amounts sufficient to provide for the full and timely payment of such interest either from proceeds of Bonds, from interest earned or to be earned thereon, from other Authority funds other than Net Revenues, or from any combination of such sources and (ii) depositing such amounts (except in the case of interest to be earned, which shall be deposited as received) into a fund or account for capitalized interest, the proceeds of which are required to be transferred as needed into the Subordinate Lien Debt Service Fund, as the case may be, plus

(b) That portion of the principal amount of, or compounded interest on, such Bonds scheduled to be payable on or before the next January 1 (either at maturity or by reason of scheduled mandatory redemptions, but after taking into account all prior optional and mandatory Bond redemptions) which would accrue if such principal amount were deemed to accrue daily in equal amounts from the next preceding January 1; provided, however, that the following rules shall apply to the computation of Debt Service Requirements on certain series of Short Term/Demand Bonds and on any series of Bonds bearing interest at a floating or variable rate:

(1) For any series of Short Term/Demand Bonds issued pursuant to a commercial paper program or similar program, Debt Service Requirements shall be computed on the assumption that the principal amount shall continuously be refinanced under such program and remain outstanding until the first Fiscal Year for which interest on such Short Term/Demand Bonds has not been capitalized or otherwise funded or provided for, at which time (which shall not be beyond the term of such program) it shall be assumed that the outstanding principal amount thereof shall be refinanced with a series of Bonds which shall be assumed to be amortized over a period not to exceed 25 years and shall be assumed to be amortized in such a manner that the maximum Debt Service Requirements in any twelve month period shall not exceed 110% of the minimum Debt Service Requirements for any other 12-month period, and shall be assumed to bear interest at a fixed interest rate estimated by the Authority's financial advisor or underwriter to be the interest rate such series of Bonds would bear if issued on such terms on the date of such estimate;

(2) For any series of Bonds bearing interest at a variable or adjustable rate or a rate to be negotiated or revised from time to time such that the actual future rate of interest thereon cannot be ascertained at the time of calculation, it shall be assumed that such Bonds will bear interest at the higher of (l) a long-term interest rate estimated by the Authority's financial advisor or underwriter to be the average rate of interest such Bonds would bear if issued as long-term bonds bearing interest at fixed interest rates to be amortized over 30 years with level debt service or (2) a short-term interest rate calculated as follows: (a) for any series of Bonds then Outstanding, at the greater of (i) the average interest rate derived from the variable or adjustable interest rate formula or computation applicable to, or average interest rate borne by, such series of Bonds during a 12-month period ending within 30 days prior to the date of computation or (ii) the actual interest rate derived from such variable or adjustable interest rate formula or computation, or the actual interest rate payable on such series of Bonds, on the date of such calculation, and (b) for any series of Bonds then proposed to be issued, at an interest rate estimated by the Authority's financial advisor or underwriter to be the average rate of interest such series of Bonds will bear during the period or periods for which the Debt Service Requirements are being calculated.

Debt Service Requirements shall be calculated on the assumption that no Bonds Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of scheduled principal maturities or scheduled mandatory redemptions of such Bonds, except as provided above for Short Term/Demand Bonds.

Obligations of the Authority to make payments under a Credit Agreement as reimbursements or repayments of amounts paid or advanced under such Credit Agreement for interest on or principal of any Bonds (including interest and other stipulated costs and charges related to such amounts advanced) shall be deemed to be payments of interest on or principal of such Bonds.

Qualified Hedge Agreements shall cause Debt Service Requirements to be (i) increased by the amount of any scheduled payments and charges for the availability of the Qualified Hedge Agreement, (ii) decreased by the amount of any scheduled interest payments on the related Bonds which the Authority's financial advisor certifies to be substantially hedged pursuant to the Qualified Hedge Agreement, and (iii) increased by the gross payments of the Authority under the Qualified Hedge Agreement (without regard to netting); provided, however, that any variable or adjustable payment obligation of the Authority under the Qualified Hedge Agreement shall be deemed to be a fixed rate obligation based upon the provisions contained in paragraph (ii) above of the definition of Debt Service Requirements, as certified by the Authority's financial advisor.

"Depository" shall mean any bank, trust company, national banking association, savings and loan association, savings bank or other banking institution or association selected by the Authority as a depository of moneys and securities held under the provisions of the Indenture and the Act, and may include the Trustee.

"DTC" means The Depository Trust Company of New York, New York, or any successor securities depository.

"DTC Participant" means brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

"Event of Default" shall mean an Event of Default as such term is defined in Section 902 of the Indenture.

"Fair Market Value" shall mean, as of any particular time: (a) as to Investment Securities the bid and asked prices of which are published on a regular basis in a financial journal or publication of general circulation in the United States of America, the bid price for such Investment Securities so published on or most recently prior to the date of valuation by the Trustee, or (b) as to Investment Securities the bid and asked prices of which are not published on a regular basis in a financial journal or publication of general circulation in the United States of America, the average bid price on such Investment Securities at the date of valuation by the Trustee, as reported to the Trustee by any two nationally recognized dealers in such Investment Securities.

"Fiduciary" or "Fiduciaries" shall mean the Trustee, the Paying Agents or any or all of them, as may be appropriate.

"Fiscal Year" shall mean a fiscal year as established by the Authority which is currently the 12-month period ending September 30, but which may be changed from time to time.

"Fort Bend Grand Parkway" means that portion of the Grand Parkway System located in Fort Bend County and includes the Project.

"Fund" or "Funds" shall mean anyone or more, as the case may be, of the separate special funds created and established in Section 502 of the Indenture.

"Generally Accepted Accounting Principles" shall mean, such accounting practice as, in the opinion of the Accountant, conforms at the time to generally accepted accounting principles.

"Grand Parkway Agreements" shall mean the Terms and Conditions effective September 29, 2008, and Market Valuation Waiver Agreement effective March 25, 2009. The Grand Parkway Agreements: i) establish the "Minimum Project Scope" and the "Ultimate Project Scope" of the Grand Parkway System within Fort Bend County and other counties; ii) require the Grand Parkway be developed separate from the County's existing toll road system; and iii) limits the use of toll revenues from the Grand Parkway to the development and maintenance of the Grand Parkway System until the Ultimate Project Scope is complete.

"Grand Parkway System" shall mean a planned system of controlled access toll lanes ranging from two to six lanes wide and approximately 180 miles long traversing seven counties and encircling the Greater Houston Region, as more fully described in the Grand Parkway Agreements.

"Grand Parkway System Improvement Fund" shall mean the "Grand Parkway System Improvement Fund" created by Section 502 of the Indenture.

"Gross Revenues" shall mean Revenues prior to payment of Operating and Maintenance Expenses and funding the Operating and Maintenance Reserve.

"Indenture" shall mean this Trust Indenture as the same may be amended or supplemented from time to time by Supplemental Indentures in accordance with the terms hereof.

"Initial Bond" shall mean the Initial Bond authorized by Section 306(d) of the Indenture.

"Interest Payment Date" shall mean March 1, 2013 and each September 1 and March 1 thereafter, or as otherwise defined by a Supplemental Indenture.

"Investment Security" or "Investment Securities" shall mean and include anyone or more of the following securities, if and to the extent the same are at the time legal for investment of Authority funds:

(a) Direct obligations of or obligations, directly or indirectly, guaranteed by the United States of America;

(b) Bonds, debentures, notes or other evidences of indebtedness issued or guaranteed, directly or indirectly, by any of the following: Bank: for Cooperatives; Federal Intermediate Credit Banks, Federal Home Loan Bank: System, Export-Import Bank of the United States, Federal Land Banks, Federal National Mortgage Association (to the extent guaranteed by the Government National Mortgage Association), Federal Home Loan Mortgage Corporation, Farmers' Home Administrator, Tennessee Valley Authority, Federal Farm Credit System, the Government National Mortgage Association, Of other successor or similar agencies;

(c) Bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; or temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(d) Direct and general obligations of or obligations guaranteed by the State, the payment of the principal of and interest on which is a general obligation of the State;

(e) Demand deposits or interest-bearing time deposits, certificates of deposit or other similar banking arrangements, with the Trustee or a member of the Federal Deposit Insurance Corporation, or any savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation, or any such institution having undivided capital and surplus of at least $50,000,000, and if such time deposits or certificates of deposit, to the extent not insured to the full amount thereof, are fully secured by obligations of the type specified in (a), (b), (c) or (d) above or (h) below which have a Fair Market Value, at least equal at all times to the amount of such deposits;

(f) Repurchase Agreements with banks which are members of the Federal Deposit Insurance Corporation, and with members of the Association of Primary Dealers in United States Government Securities. the underlying securities of which are of the type described in (a) and (b) above and which are fully secured at all times by obligations of the same type which have a Fair Market Value, including accrued interest, at least equal to the amount of such Repurchase Agreement including accrued interest;

(g) Interest-bearing time deposits or Repurchase Agreements with agencies or intermediaries of the Federal Government described in (a) and (b) above;

(h) Direct and general obligations of any state within the territorial United States of America, provided that at the time of their purchase under the Indenture, such obligations are rated in one of the two highest letter rating categories by a nationally recognized bond rating agency;

(i) Certificates of Deposit of any bank including the Trustee with undivided capital and surplus of at least $50,000,000, the unsecured debt of which or of its parent holding company is rated in one of the two highest letter rating categories by a nationally recognized bond rating agency, with such Certificates of Deposit to be secured by any other Investment Securities or by any security then acceptable to secure deposits of public funds of the State of Texas having a Fair Market Value at least equal to the amount of the Certificate of Deposit;

(j) Investment agreements with any bank including the Trustee with undivided capital and surplus of at least $50,000,000 or bank holding company, the unsecured debt of which (or of a bank's parent holding company in the case of a bank if the unsecured debt of the bank is not rated) is rated in one of the two highest letter rating categories by a nationally recognized bond rating agency, with such investment agreement to be secured by any other Investment Securities described herein or by any security then acceptable to secure deposits of public funds of the State of Texas having a Fair Market Value at least equal to the amount of the Investment Agreement;

(k) Investment agreements with any bank or other financial institution, the unsecured debt of which is rated in either of the two highest letter rating categories by a nationally recognized bond rating agency; and

(l) Money market funds, including those of the Trustee and its affiliates, which are rated in either the two highest letter rating categories by a nationally recognized bond rating firm.

"Joint Project Agreement" means the Agreement between the County and the Authority dated as of July 24, 2012 relating to the construction of the Project and the issuance of Bonds to provide funding for the Project.

"Junior Lien Bonds" shall mean bonds or other indebtedness having the meaning set forth in Section 707 of the Indenture.

"Letter of Instructions" shall mean a written directive and authorization to the Trustee executed by an Authorized Officer of the Authority.

"Net Revenues" shall mean the Revenues less the sum of (i) the Operating and Maintenance Expenses and (ii) the aggregate of principal and interest payments made, or to be made, during the period for which Net Revenues are computed on Senior Indebtedness that is secured by a first charge on revenues, or such other amount as may be defined as "Net Revenues" by a Supplemental Indenture, subject to Section 1101(i) of the Indenture.

"Operating Board" shall mean the Board of Directors of the Authority acting as the operating board or any subsequent substitute operating board that may be appointed by the Commissioners Court in accordance with Chapter 284, Texas Transportation Code.

"Operating and Maintenance Expenses" shall mean the Authority's costs and expenses of maintenance, repair, operation and administration of the Project (including other portions of the Fort Bend Grand Parkway added to the definition of "Project" by the Authority) and shall include without limiting the generality of the foregoing: (i) salaries, supplies, utilities, labor, rent; (ii) fees and expenses for data processing, policing, insurance, legal, accounting, engineering, the Trustee, Depositories or Paying Agents, letters of credit and credit facilities, consulting

and banking services; (iii) Costs of Issuance not paid as a Cost of the Project; and (iv) payments to pension, retirement, health and hospitalization funds.

"Operating and Maintenance Reserve" shall mean, as of any particular time of calculation, an amount of money to be retained in the Revenue Fund pursuant to Section 503 of the Indenture which is equal to three months of Operating and Maintenance Expenses, as set out in the Annual Budget.

"Outstanding" when used with reference to the Senior Indebtedness or Subordinate Lien Bonds, as the case may be, means, as of a particular date, all such bonds theretofore and thereupon delivered except: (a) any such bond cancelled by or on behalf of the Authority at or before said date; (b) any such bond defeased pursuant to the defeasance provisions of the ordinance authorizing its issuance, or otherwise defeased as permitted by applicable law; and (c) any such bond in lieu of or in substitution for which another bond shall have been delivered pursuant to the ordinance authorizing the issuance of such bond.

"Parity Contract Obligations" shall mean any of the following obligations of the Authority issued or incurred pursuant to the Indenture:

(a) Parity Notes;

(b) Any and all repayment, reimbursement or other obligations arising pursuant to any Credit Agreement; and,

(c) Any and all payment obligations arising pursuant to any Qualified Hedge Agreements which may be netted against amounts, if any, due the Authority pursuant to such Qualified Hedge Agreements.

"Parity Notes" shall mean any note or notes, as the case may be, issued pursuant to a commercial paper program and authenticated and delivered under and pursuant to the Indenture, and secured by the Trust Estate.

"Paying Agent" shall mean any bank or trust company or national banking association designated to make payment of the principal of and interest on the Bonds of any Series, and its successor or successors, which may include the Trustee, hereafter appointed in the manner provided in the Indenture and meeting the requirements of Section 1013 of the Indenture.

"Permitted Encumbrances" shall mean

(a) easements and rights of way on, over, across, or through any part of the Project;

(b) inchoate claims and charges incidental to construction, maintenance, and operation of the Project;

(c) contractual and property rights granted to or reserved by a party under any contract or instrument which the Authority is not prohibited from entering into under the Indenture;

(d) minor defects and irregularities in the title to any property which is part of the Project, which do not impair the Authority's right to use such property for purposes of the Project; and

(e) rights reserved to or vested in the State of Texas or any municipal corporation or political subdivision or agency within the State of Texas with regard to the property and facilities constituting the Project or with regard to the regulation of the use thereof.

"Person" shall mean any individual, public or private corporation, county, district, authority, municipality, political subdivision or other county or entity of the State or the United States of America, and any incorporated city, town or village, whether operating under general or special law or under its homerule charter, and any partnership, association, firm, trust, estate, or any other entity whatsoever.

"Principal Installment" shall mean as of any particular date of computation (a) with respect to Bonds of a particular Series, an amount of money equal to the aggregate of the principal amount of Outstanding Bonds of said

Series which mature on a single future date or (b) with respect to Parity Notes, except to the extent actually paid from the Trust Estate (and not from the proceeds of other Parity Notes or Bonds issued for refunding or refinancing purposes), each Series shall be deemed to have Principal Installments in each of the 30 consecutive Fiscal Years beginning in the Fiscal Year following the depletion of any amounts provided as capitalized interest for such Series of Parity Notes, which Principal Installments shall be in such amounts as shall be calculated by the Authority's financial advisor to achieve an approximately equal annual amortization of Debt Service on such Series of Parity Notes over such 30-year period.

"Principal Payment Date" shall mean each March 1 or other date as may be defined in a Supplemental Indenture.

"Project" initially shall mean the construction of the tolled overpasses on the Grand Parkway System in Fort Bend County and the reconstruction of the existing roadway from U.S. 59 to and including the intersection at FM1093 ("Westpark") and subsequently may include any other portion of or improvement to the Fort Bend Grand Parkway pursuant to a Supplemental Indenture, resolution or order duly adopted by the Board of Directors of the Authority and specified as a component of the Project for purposes of the Indenture.

"Qualified Hedge Agreement" shall mean any agreement between the Authority and a qualifying financial institution (as described in the following sentence) for the purpose of providing an interest rate swap, exchange, cap, collar, floor, forward or other hedging mechanism, arrangement or security, however denominated, expressly identified pursuant to its terms as being entered into in connection with and in order to hedge interest rate fluctuations on any portion of any Bonds and in consideration for which the Authority may agree to pay, (i) periodic payments for the availability of such Qualified Hedge Agreement and/or (ii) net amounts as a result of fluctuation in hedged interest rates or in the value of any index of payment and/or (iii) termination charges. A Qualified Hedge Agreement may only be entered into with a financial institution, which (a) for a transaction having a term of less than ten years, has long term credit ratings in one of the three highest generic rating categories by at least two nationally recognized rating services or (b) for a transaction having a term of ten years or longer, has at the time of entering into such transaction a long term credit ratings in one of the two highest generic rating categories by at least two nationally recognized rating services; provided, however, that such rating requirement may be satisfied by an affiliated entity of such financial institution or a third party with the requisite rating with whom the financial institution and/or the County have a contractual arrangement pursuant to which such affiliated entity or third party provides credit support for the Qualified Hedge Agreement. Further, obligations of the Authority to make payments under a Qualified Hedge Agreement derived from or resulting from a fluctuation in hedged interest rates or in the value of any index of payment shall be deemed to be payments of interest on the Bonds so hedged. Each Qualified Hedge Agreement shall be deemed to be a part of the Bonds of the series to which it relates for the purpose of securing its payment by the pledge of Net Revenues as provided in the Indenture. However, issuers of and counterparties to Qualified Hedge Agreements shall not be treated as Owners of Bonds for purposes of any voting rights to approve amendments or direct the exercise of any remedies under the Indenture.

"Record Date" as used with respect to any Interest Payment Date shall mean the date designated in any Supplemental Indenture with respect to any of Bonds as the record date for the payment of interest on such Series or if no Record Date is so designated the 15th day of the month preceding such Interest Payment Date with respect to such Bonds.

"Redemption Price" shall mean, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Indenture.

"Refunding Bonds" shall mean all Bonds, whether issued in one or more series, issued for the purpose of refunding a like or different principal amount of Bonds, and thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III.

"Register" shall mean the register maintained by the Trustee which shows ownership of Bonds in accordance with Section 307 in the Indenture.

"Registered Owner" shall mean the person in whose name any Bond is registered.

"Revenue Fund" shall mean the "Revenue Fund" established in Section 502 of the Indenture.

"Revenues" shall mean all toll revenues and other amounts derived by the Authority from the ownership and operation of the Project and the Fort Bend Grand Parkway which constitute revenues in accordance with generally accepted accounting principles.

"Senior Indebtedness Debt Service Fund" shall mean the fund so designated pursuant to the orders or indentures authorizing the Senior Indebtedness.

"Senior Indebtedness" shall mean (a) the principal of, premium, if any, and interest on (i) indebtedness (other than the Subordinate Lien Bonds) of the Authority for money borrowed for Project purposes evidenced by bonds, notes, warrants or similar obligations, including any obligation to make payments with respect to money borrowed by any other person for Project purposes whether any such indebtedness is outstanding on the date of the Indenture or is hereafter created, assumed or incurred, (ii) Capitalized Lease Obligations for Project purposes, whether outstanding on the date of the Indenture or hereafter incurred, and (iii) indebtedness incurred, or assumed by the Authority (whether outstanding on the date of the Indenture or hereafter created, assumed or incurred) for Project purposes, unless, in each case referred to in clauses (i), (ii) and (iii) above, by the terms of the instrument creating or evidencing the indebtedness it is provided that such indebtedness ranks on a parity with the Bonds and is entitled to like rights of subrogation, or is subordinated to, or is otherwise not superior in right of payment to, the Bonds, and (b) any other indebtedness (including Credit Agreements and Qualified Hedge Agreements), liability or obligation, contingent or otherwise, of the Authority for Project purposes (any such indebtedness, liability or obligation being hereinafter in this definition referred to as an "Obligation"), and any endorsement or other contingent obligation in respect of an Obligation of another for Project purposes, which is assumed or incurred by the Authority after the date of the Indenture and which, when assumed or incurred, is specifically designated by the Authority as Senior Indebtedness for the purposes hereof in the instrument creating or evidencing such Obligation or in the instrument creating or evidencing the Authority's liability with respect to the Obligation of another, and (c) any refundings, renewals or extensions of any indebtedness, liability or obligation described in clauses (a) and (b) above. Senior Indebtedness shall not, however, include indebtedness incurred in connection with the purchase of materials or services in the ordinary course of business or indebtedness representing amounts recorded as accounts payable on the books of the Authority.

"Short Term/Demand Bonds" shall mean each series of bonds, notes and other obligations issued pursuant to the Indenture, (a) the payment of principal of which is either (i) payable on demand by or at the option of the holder at a time sooner than a date on which such principal is deemed to be payable for purposes of computing Debt Service Requirements, or (ii) scheduled to be payable within one year from the date of issuance and is contemplated to be refinanced for a specified period or term through the issuance of additional Short Term/Demand Bonds pursuant to a commercial paper or other similar financing program, and (b) the purchase price, payment or refinancing of which is additionally secured by a letter of credit, line of credit, standby purchase agreement, bond insurance, surety bond or other credit or liquidity facility which does not impose upon the Authority a reimbursement obligation payable over a period shorter than three years.

"State" shall mean the State of Texas.

"Subordinate Lien Bonds" shall mean the Limited Contract Tax and Subordinate Lien Revenue Bonds, Series 2012 and each series of Bonds which the Authority has reserved the right to issue from time to time, payable from and secured by a lien on and pledge of Net Revenues junior and subordinate to the lien and pledge securing the Senior Indebtedness.

"Subordinate Lien Debt Service Fund" shall mean the "Subordinate Lien Debt Service Fund" which is established pursuant to Section 502 of the Indenture.

"Supplemental Indenture" shall mean an Indenture supplemental to or amendatory of the Indenture, adopted by the Authority in accordance with Article XI and/or Article XII of the Indenture, as appropriate.

"Tax Fund" shall mean the "Tax Fund" created by Section 502 of the Indenture.

"Traffic Engineers" shall mean the traffic engineer employed by the Authority and "Independent Traffic Engineer" shall mean an engineering firm or corporation retained by the Authority, pursuant to the provisions of the Indenture to carry out the duties imposed by the Indenture on the Traffic Engineer or the Independent Traffic Engineer.

"Trust Estate" shall mean the Trust Estate as defined in Section 201 of the Indenture. "Trustee" shall mean Wells Fargo Bank Texas, N.A. or any other commercial bank or trust company duly organized and existing under the laws of the United States of America which is authorized under such laws to exercise corporate trust powers, and is subject to examination by federal authority and shall be appointed pursuant to Article X, and its successor or successors and any other person which may at any time be substituted in its place pursuant to the Indenture.

APPENDIX F

SUMMARY OF THE INDENTURE

The Indenture, which includes the Master Indenture and the First Supplement thereto, contains various covenants and security provisions, certain of which are summarized below or elsewhere in this Official Statement. Provisions included herein are in substantially final form, but may change prior to closing and may thereafter be amended in accordance with the terms of the Indenture. Reference should be made to the Indenture, a copy of which may be obtained from the Authority, for a full and complete statement of its provisions. See also the section captioned "SECURITY AND SOURCE OF PAYMENT."

SECURITY OF THE BONDS

Granting Clauses

In order to secure the payment of the principal and Redemption Price of and interest on the Bonds as the same become due and payable, whether at maturity or by prior redemption, and the performance and observance of all of the covenants and conditions herein contained, and in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Bonds by the Owners thereof, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Authority does hereby grant to the Trustee and its successors in trust hereunder a pledge of and lien on the following (collectively, the "Trust Estate"):

(a) All right, title and interest of the Authority to taxes levied by the County pursuant to the provisions of Joint Project Agreement;

(b) All right, title and interest of the Authority now owned or hereafter acquired in and to the moneys deposited or required to be deposited in the funds established under the Indenture, including the Subordinate Lien Debt Service Fund, the Tax Fund, and, to the extent funded with Bond proceeds, the Construction Fund, the Revenue Fund, and the County Reimbursement Fund pursuant to the provisions of the Indenture and all right, title and interest in and to the Investment Securities held in the Indenture, the Subordinate Lien Debt Service Fund and the Tax Fund, pursuant to the provisions of the Indenture; provided, however, that the Authority expressly reserves the right to transfer any or all interest and investment income from Investment Securities held in the Subordinate Lien Debt Service Fund (other than amount attributable to capitalized interest on the Bonds) to other Funds or accounts and to grant a senior lien and pledge of such interest and investment income to secure Senior Indebtedness.

(c) Subject to and subordinate in all respects to any lien or pledge existing or hereafter created or granted with respect to Senior Indebtedness, all right, title and interest of the Authority in and to the Net Revenues to the extent of Revenues as collected;

(d) All right, title and interest of the Authority now owned or hereafter acquired in and to the moneys deposited or required to be deposited with the Trustee pursuant to the provisions of the Indenture and all right, title and interest in and to the Investment Securities held by the Trustee pursuant to the provisions of the Indenture;

(e) Subject to and subordinate in all respects to any lien or pledge existing or hereafter created or granted with respect to Senior Indebtedness, any and all property of every kind and nature (including, without limitation, cash, obligations or securities) which may from time to time hereafter be assigned, hypothecated, endorsed, pledged, granted, or delivered to or deposited with the Trustee as additional security hereunder by the Authority or anyone on its behalf, or which pursuant to any of the provisions hereof may come into the possession or control of the Trustee as security hereunder, or of a receiver lawfully appointed hereunder, all of which the Trustee is authorized to receive, hold and apply according to the terms hereof; and

TO HAVE AND TO HOLD all the same, with all rights and privileges appurtenant thereto, unto the Trustee and its successors in trust forever, subject, however, to all of the terms and provisions of the Indenture;

IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth, for the equal and proportionate benefit and security of the Owners from time to time of the Bonds issued and to be issued hereunder, or any of them, without preference, priority or distinction as to lien or otherwise of any Bond over any other Bond except as provided in the Indenture;

PROVIDED, HOWEVER, that if the Authority, its successors or assigns, shall well and truly pay, or cause to be paid, the principal or Redemption Price of the Bonds and the interest due or to become due thereon, at the times and in the manner provided in the Bonds according to the true intent and meaning thereof, and shall cause the payments to be made into the Funds and Accounts established hereunder and in the amounts required hereby, or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee an amount sufficient to provide for payment of the entire amount due or to become due thereon as provided in the Indenture, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of the Indenture to be kept, performed and observed by it, and shall payor cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then, upon such payment and performance, the Indenture and the rights and liens hereby granted shall cease, determine and be void; otherwise, the Indenture is to be and shall remain in full force and effect.

Time of Pledge; Delivery of Trust Estate

The grant, assignment and pledge of the Trust Estate pursuant to the provisions of the Indenture shall be effective from and after the payment for and delivery of any Bonds hereunder. Nothing in the Indenture shall create an obligation on the part of the Authority to physically deliver the Trust Estate to the Trustee except as expressly provided in the Indenture.

Payment of Contract Tax Revenues

The Bonds are secured by and payable from revenues paid to the Authority by the County pursuant to the levy of a continuing, direct annual ad valorem tax, within the limits provided by law, upon all taxable property within the County. To pay the interest on the Bonds, and to create a sinking fund for the payment of the principal thereof when due, and to pay the expenses of payment and registration of such Bonds and the cost of collecting such taxes, the County by order adopted on July 24, 2012, levied, and ordered to be assessed and collected in due time, form and manner, a continuing, direct annual ad valorem tax, within the limits provided by law, on all taxable property in the County for each year during the period that there are Outstanding Bonds. All of the proceeds of such collections, except expenses incurred in that collection, shall be paid by the County into the Tax Fund pursuant to the Joint Project Agreement, and the aforementioned tax and such payments into the Tax Fund shall continue until the Bonds and the interest thereon have been fully paid and discharged as required by the Joint Project Agreement, and such proceeds shall be used for such purposes and no other.

The Joint Project Agreement provides that while there are Outstanding Bonds, the County shall levy, assess and collect an ad valorem tax each year at a rate from year to year as will be sufficient to provide (together with other moneys available or anticipated to be available therefore, including available Net Revenues and amounts available from Bond proceeds) funds to pay the interest on said Bonds and to create and provide a sinking fund to pay the principal when due or of not less than 2% of the principal amount of the Bonds, full allowance being made for delinquencies and costs of collection, and the County shall deposit such taxes into the Authority's Tax Account to be applied to the payment of the principal and Redemption Price of and interest on the Bonds, as follows:

(a) On or before August 1 of each year, the Authority shall report to the County its current fund balances as well as a budget reflecting the anticipated Net Revenues of the project for the upcoming fiscal year.

(b) On or before September 1st in each year or as soon after that time as practicable, the Commissioners Court shall consider the taxable property in the County and determine the actual rate per $100 valuation of taxable property which is to be levied in that year for the payment of the principal due and Redemption Price of and interest on the Subordinate Lien Bonds and levy and tax against all taxable property in the County.

(c) In determining the actual rate to be levied in each year, the Commissioners Court shall consider among other things:

(1) the amount which should be levied for the payment of the principal and Redemption Price of and interest on the Bonds; and

(2) the percentage of anticipated tax collections and the cost of collecting the taxes.

(d) In determining the rate at which taxes should be levied each year, the Commissioners Court may consider whether proceeds from the sale of Bonds have been placed in the Subordinate Lien Debt Service Fund to pay interest on the Bonds and whether the Commissioners Court reasonably expects to have Net Revenues or other moneys available from other sources which are available to pay the principal or Redemption Price of or interest on the Bonds. Under the terms of the Joint Project Agreement, if the Commissioners Court reasonably determines that adequate moneys from such Net Revenue or other sources are available or will be available to pay the principal and Redemption Price of and interest on the Bonds, the Commissioners Court may elect not to levy a tax that year.

(e) The Authority agrees and covenants that it will not request, consider or approve any amendment to the Joint Project Agreement that would reduce or eliminate the County's obligation to levy, assess and collect taxes.

ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

Establishment of Funds

The following Funds shall be created, maintained and accounted for as hereinafter provided so long as Subordinate Lien Bonds remain Outstanding:

(1) Construction Fund;

(2) Tax Fund;

(3) Revenue Fund;

(4) Subordinate Lien Debt Service Fund;

(5) Renewal and Replacement Fund;

(6) County Reimbursement Fund;

(7) Grand Parkway System Improvement Fund;

The Construction Fund, the Tax Fund, the Revenue Fund, the Renewal and Replacement Fund, the County Reimbursement Fund, and the Grand Parkway System Improvement Fund shall be maintained as separate funds or accounts on the books of the County pursuant to the Joint Project Agreement and all amounts credited to such Funds shall be maintained in an official depository bank of the Authority or in a trustee bank hereafter designated by the Authority. The Subordinate Lien Debt Service Fund shall be maintained with the Trustee. The Subordinate Lien Debt Service Fund shall constitute a trust fund which shall be held in trust for the Owners of the Subordinate Lien Bonds and the proceeds of which (other than the interest income thereon, which shall be transferred to the extent herein provided to the Revenue Fund) shall be pledged to the payment of the Subordinate Lien Bonds. All of the Funds named above shall be used solely as herein provided so long as any Bonds remain Outstanding.

Money and Investment Securities to the credit of the Funds and accounts created in the Indenture which are held by the Authority may be commingled with other money and investments of the Authority, so long as the interest of each of the Funds and accounts created in the Indenture is specifically identified in the Authority's accounting records and so long as amounts and investments to the credit of each Fund or Account are available at the time and in the manner required by the Indenture or any Supplemental Indenture.

Flow of Funds

Except as otherwise specifically provided in this Article V, all Revenues shall be credited to the Revenue Fund as collected in the following priority:

(a) First to make or provide for all deposits, payments or transfers required by any indenture, resolution, order or other instrument creating or evidencing Senior Indebtedness payable as a first charge on Revenues, at the time and in the manner provided for in such instrument.

(b) After the payments, provisions for payment, deposits and transfers set out in subsection (a) above, to the extent not paid from other sources, Operating and Maintenance Expenses for such month shall be paid from the Revenue Fund.

(c) After the payments and provisions for payment set out in subsection (b) above, on or before the last day of each month there shall be set aside, out of money held in the Revenue Fund, the amount, if any, required to establish and maintain the Operating and Maintenance Reserve.

(d) After the payments and provisions for payments set out in subsection (c) above, money remaining in the Revenue Fund shall be used to make or provide for all deposits, payments or transfers required by any indenture, resolution, order or other instrument creating or evidencing Senior Indebtedness which is not payable as a first charge on Revenues, at the time and in the manner provided for in such an instrument.

(e) After the payments, provisions, for payment, deposits and transfers set out in subsections above, on or before the last day of each month and at such other times as shall be set forth in any Supplemental Indenture, there shall be transferred to the Subordinate Lien Debt Service Fund from any money remaining in the Revenue Fund, amounts which, when added to other amounts in the Subordinate Lien Debt Service Fund including amounts deposited from the Tax Fund, and available for such purposes, will provide for the accumulation, in substantially equal monthly installments or otherwise as may be provided in any Supplemental Indenture, of the amounts required to pay:

(1) any interest to become due and payable on each Series of Subordinate Lien Bonds Outstanding on the next Interest Payment Date for such series; and

(2) any Principal Installments to become due and payable on any Series of Subordinate Lien Bonds Outstanding on or before the next Principal Payment Date; and

(3) if provided in any Supplemental Indenture, to establish and maintain a subordinate lien debt service reserve fund or to pay any amounts required to be paid to any bank, financial institution or other party in connection with a Credit Agreement or Qualified Hedge Agreement.

(f) After the payments and provisions for payments set out in subsection (e) above, money remaining in the Revenue Fund shall be used to make or provide for all deposits, payments or transfers required by any indenture, resolution, order or other instrument creating or evidencing Junior Lien Bonds which is not payable as a first charge on Revenues, at the time and in the manner provided for in such an instrument.

(g) After the payments, provisions for payment, deposits and transfers set out in the subsections above, and if so provided in any Supplemental Indenture or indenture evidencing Senior Indebtedness, there shall be set aside the amount required to be set aside for the renewal and replacement of the Fort Bend Grand Parkway.

(h) After all payments, provisions for payment, deposits and transfers set out above in subsection (g), there shall be transferred from the Revenue Fund to the County Reimbursement Fund the amount necessary to make the balance therein equal to the County Reimbursement Obligation; provided, however, no money shall be transferred to the County Reimbursement Fund until such time as the Net Revenues of the Project exceed the Debt Service Requirement for two consecutive Fiscal Years.

(i) After all payments, provisions for payment, deposits and transfers set out above in the Flow of Funds described above any money remaining in the Revenue Fund shall be transferred to the Grand Parkway System Improvement Fund.

Construction Fund

There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of the Indenture and each Supplemental Indenture, including all proceeds of the Bonds remaining after making the deposits otherwise required under the Indenture and each Supplemental Indenture. There may also be paid into the Construction Fund, at the option of the Authority, any moneys received by the Authority from any source unless otherwise required to be applied by the Indenture or any Supplemental Indenture.

Amounts in the Construction Fund and interest earnings thereon shall be used to pay: (i) the Costs of the Project including the Cost of any project or projects with which the Project is proposed to be pooled, (ii) the Costs of Issuance, and (iii) Operating and Maintenance Expenses and interest on the Bonds as permitted in the Act.

Amounts in the Construction Fund may be (i) used to pay Costs of the Fort Bend Grand Parkway, (ii) used to pay Costs of the Grand Parkway System, or (iii) be transferred to the Subordinate Lien Debt Service Fund for the Bonds or to any similar debt service fund for and other Senior Indebtedness or Parity Contract Obligation, and applied to the payment of principal or Redemption Price of and interest on the Bonds or other Grand Parkway System bonds when due.

Tax Fund

If the County has levied a tax pursuant to the Joint Project Agreement, upon payment of the taxes to the Authority, the Authority shall transfer all amounts then on deposit in the Tax Fund to the Subordinate Lien Debt Service Fund.

Moneys in the Tax Fund shall be used solely to pay the principal or Redemption Price of and interest on the Bonds.

Subordinate Lien Debt Service Fund

Funds in the Subordinate Lien Debt Service Fund may only be used to pay the principal of and interest on the Bonds except as set forth below.

The Trustee shall, at any time at the direction of the Authority, apply amounts available in the Subordinate Lien Debt Service Fund to pay the principal portion of Bonds which the Authority may purchase at a price (excluding accrued interest to the purchase date but including any brokerage or other charges) no greater than the applicable Redemption Price of such Bonds.

Whenever the total amounts on deposit to the credit of the Subordinate Lien Debt Service Fund shall be equivalent to the sum of the aggregate principal amount of all Outstanding Subordinate Lien Bonds plus the aggregate amount of all interest accrued and to accrue thereon, no further transfers need be made into the Subordinate Lien Debt Service Fund, and such Subordinate Lien Bonds shall not be regarded as being Outstanding except for the purpose of being paid with the moneys credited to such Funds. Moneys credited to the Subordinate Lien Debt Service Fund shall be used solely for the purpose of paying principal (at maturity or prior redemption or to purchase Subordinate Lien Bonds issued as term bonds in the open market to be credited against mandatory redemption requirements), interest and redemption premiums on the Subordinate Lien Bonds, plus all bank charges and other costs and expenses relating to such payment.

If on any Interest Payment Date or on any other date, the funds on deposit in the Subordinate Lien Debt Service Fund are insufficient to pay the Debt Service Requirements, the Authority may transfer, at its discretion, from the Tax Fund, the County Reimbursement Fund, Grand Parkway System Improvement Fund, or any other lawfully available source, to the amount sufficient to pay such Debt Service Requirements or a portion thereof.

Revenue Fund – Operation and Maintenance Expenses

If in any month funds on deposit in the Revenue Fund are insufficient to pay the Operation and Maintenance Expenses, the Authority shall transfer at its discretion, from the Tax Fund, the County Reimbursement Fund, Grand Parkway System Improvement Fund, or any other lawfully available source, to the Revenue Fund the amount sufficient to pay such Operation and Maintenance Expenses.

County Reimbursement Fund

On the last business day of the Fiscal Year, there shall be transferred to the County all amounts deposited in the County Reimbursement Fund. The County may use such funds for any lawful purpose for which toll revenues may be expended.

Grand Parkway System Improvement Fund

Amounts credited to the Grand Parkway System Improvement Fund may be used only for: 1) Costs of the Fort Bend Grand Parkway, including without limitation, to pay debt service on the Subordinate Lien Bonds or Senior Indebtedness, to pay for any capital expenditures, to pay costs of replacing any depreciable property or equipment of the Fort Bend Grand Parkway, to make any major or extraordinary repairs, replacements or renewals of the Fort Bend Grand Parkway, to acquire land or any interest therein, to pay any lease or contractual obligations not paid as Operation and Maintenance Expenses, and to make any transfers required to cure any deficiencies in the funds and accounts created by the Indenture, 2) Costs of any other portion of the Grand Parkway System as may be required by the Grand Parkway Agreements, and 3) thereafter to pay capital costs, including without limitation, engineering, land acquisition, and construction for any project on the County's major thoroughfare plan.

The County may create, within the Grand Parkway System Improvement Fund, additional sub-accounts and funds, including a Capital Outlay Account. All such sub-accounts and funds may be established and used for the purposes of the Grand Parkway System Improvement Fund as provided in the foregoing paragraph.

Funds in the Grand Parkway System Improvement Fund shall not be used for any purpose not stated herein.

Deficiencies in Funds

If in any month there shall not be transferred into any Fund maintained pursuant to this Article the full amounts required herein, amounts equivalent to such deficiency shall be set apart and transferred to such Fund or Funds from the first available and unallocated moneys in the Revenue Fund, and such transfer shall be in addition to the amounts otherwise required to be transferred to such Funds during any succeeding month or months.

OTHER OBLIGATIONS

Senior Indebtedness

The Authority reserves the right, without the consent of the Trustee or the Owners of the Bonds, to issue unlimited amounts of Senior Indebtedness which may be secured by a pledge or lien on Revenues and other assets of the Authority prior to the pledge and lien of the Trust Estate securing the Bonds. No action may be taken by the Authority which will diminish in any way the obligation of the County to levy taxes as required by the Joint Project Agreement to pay the principal of or interest on the Bonds or grant any lien thereon or claim thereto which is prior to the pledge and lien of the Trust Estate securing the Bonds.

Additional Subordinate Lien Bonds

The Authority reserves the right to issue, for any lawful purpose (including the refunding of any Senior Indebtedness, Subordinate Lien Bonds, Junior Lien Bonds or other obligations payable from the Trust Estate) one or more series of Additional Bonds payable from and secured by a lien on the Trust Estate; provided, however, that no Additional Subordinate Lien Bonds may be issued unless:

(a) The Authority President or Authority Auditor certifies to the Trustee that no Event of Default has occurred and is continuing for which notice has been given in accordance with Section 903 of the Indenture;

(b) The Authority President certifies that the Additional Subordinate Lien Bonds are required for a purpose relating to the Project or other portions of the Grand Parkway System as the Authority may determine or for refunding bonds, notes, or other obligations issued in connection therewith;

(c) The Subordinate Lien Debt Service Fund contains, or upon the issuance of the Additional Subordinate Lien Bonds will contain, the amount of money required to be on deposit therein;

(d) Provision is made by supplementing the Indenture to provide for additional payments into the Debt Service Account sufficient to provide for any increased principal, interest and other payment requirements on the Subordinate Lien Bonds resulting from the issuance of the Additional Subordinate Lien Bonds.

Parity Notes

The Authority reserves the right to issue Parity Notes, for any lawful purpose for which it may issue Subordinate Lien Bonds payable from and secured by the Trust Estate; provided, however, that no Parity Notes may be issued unless:

(a) Each of the requirements (a) through (d) contained in the subsection "Additional Subordinate Lien Bonds" above has been satisfied after substituting references to Parity Notes in place of references to Additional Subordinate Lien Bonds in (b) through (d); and

(b) The payment of principal of and interest on the Parity Notes is guaranteed by or comparably secured by a Credit Agreement.

Parity Credit Agreements

To the extent permitted by law, the Authority reserves the right to enter into Credit Agreements for the purpose of contracting with financial institutions or other third parties to issue letters of credit, insurance policies, surety bonds, guarantees or other instruments to further secure Subordinate Lien Bonds, Parity Notes, Parity Contract Obligations and Parity Qualified Hedge Agreements. The Authority may enter into Credit Agreements for such purpose and secure its obligations under such Credit Agreements, including its obligations to repay and reimburse the issuers of such Credit Agreements for any advances or payments that they make, by the Trust Estate; provided, however, that the Authority shall not enter into any Credit Agreement unless:

(a) The Authority President or Authority Auditor certifies in writing that the acquisition and entering such Credit Agreement will reduce the overall costs to the Authority with respect to the Subordinate Lien Bonds, Parity Notes, Parity Contract Bonds or Qualified Hedge Agreements to be secured by such Credit Agreement; and

(b) The Credit Agreement and all contracts and proceedings related thereto are approved by the Attorney General of Texas to the extent required by law.

Parity Contract Obligations

To the extent permitted by law, the Authority reserves the right to incur Parity Contract Obligations for any lawful purpose for which it may issue Subordinate Lien Bonds and Parity Notes payable from and secured by the Trust Estate; provided, however, that no Parity Contract Obligations may be incurred unless:

(a) Each of the requirements (a) through (d) contained in the subsection "Additional Subordinate Lien Bonds" above has been satisfied after substituting references to the Parity Contract Obligation in place of references to Additional Subordinate Lien Bonds in (b) through (d); and

(b) The Parity Contract Obligation and all procedures related thereto are approved by the Attorney General of Texas to the extent required by law.

Qualified Hedge Agreements

To the extent permitted by law, including without limitation and to the extent applicable Chapter 1201, Texas Government Code, as amended, the Authority reserves the right to issue and incur for any lawful purpose in connection with the issuance of other Subordinate Lien Bonds, Parity Notes or Parity Contract Obligations, one or more Qualified Hedge Agreements, subject to compliance with the following requirements:

(a) Each Qualified Hedge Agreement, together with all proceedings and agreements relating thereto, shall be submitted to and approved by the Attorney General of Texas to the extent required by law;

(b) Each rating agency then rating any of the Subordinate Lien Bonds, Parity Notes or Parity Contract Obligations shall have certified that entering into such Qualified Hedge Agreement will not, in and of itself, cause a reduction or withdrawal of any rating then assigned to any Subordinate Lien Bonds, Parity Notes or Parity Contract Obligations; and

(c) Each of the certifications required in Subsections (a) and (d) contained in the subsection "Additional Subordinate Lien Bonds" above has been satisfied after substituting references to the Parity Hedge Agreement in place of references to Additional Subordinate Lien Bonds in (b) through (d), taking into account any increase in Average Annual Debt Service Requirements as a result of entering into such Qualified Hedge Agreement.

Junior Lien Bonds

The Authority reserves the right to issue or incur, for any lawful purpose, Junior Lien Bonds which shall mean bonds or other indebtedness secured by junior and subordinate liens to the Subordinate Lien Bonds.

Short Term/Demand Bonds

The Authority reserves the right to issue, from time to time, one or more series of Subordinate Lien Bonds as "Short Term/Demand Bonds" provided that the aggregate principal amount of Short Term/Demand Bonds Outstanding at any time may not exceed 30% of the aggregate principal amount of Subordinate Lien Bonds Outstanding at the time of issuance of the last series of Short Term/Demand Bonds; provided, however, that no such Short Term/Demand Bonds may be issued without satisfying the applicable provisions of the subsection "Additional Subordinate Lien Bonds" above; provided further, however, that no Short Term/Demand Bond shall be subject to the limitations as to maximum principal amount as set forth above during any period of time that the Authority's financial advisor certifies that the Authority's variable or adjustable interest rate exposure under such Short Term/Demand Bond is substantially hedged pursuant to a Qualified Hedge Agreement pursuant to which the maximum net rate of interest that the Authority is obligated to pay (after taking into account all payments to be made by such counter-party) does not exceed the interest rate certified with respect to such Short Term/Demand Bonds by such financial advisor pursuant to paragraph (ii) clause (1) of the definition of Debt Service Requirements.

APPENDIX G

OPINION OF BOND COUNSEL

ALLEN BOONE HUMPHRIES ROBINSON LLP
ATTORNEYS AT LAW
PHOENIX TOWER
3200 SOUTHWEST FREEWAY
SUITE 2600
HOUSTON, TEXAS 77027
TEL (713) 860-6400
FAX (713) 860-6401
abhr.com

August 22, 2012

We have acted as Bond Counsel to the Fort Bend Grand Parkway Toll Road Authority (the "Issuer") in connection with the issuance and sale of the Issuer's Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012, in the aggregate principal amount of $155,085,000 (the "Bonds") pursuant to the terms of a Trust Indenture dated as of July 1, 2012, and as supplemented by a First Supplemental Indenture of Trust dated as of July 1, 2012, (the "Indenture"), between the Issuer and Wells Fargo Bank, National Association (the "Trustee"), a Bond Resolution, dated as of July 24, 2012 (the "Resolution") and an Order of Fort Bend County, Texas, dated as of July 24, 2012 (the "County Order"). Except as otherwise indicated, terms defined in the Indenture are used in this opinion with the meanings assigned to them in the Indenture.

In our capacity as Bond Counsel, we have participated in the preparation of and have examined a transcript containing certified copies of certain proceedings of the Board of Directors of the Issuer, and certain certificates and other documents of representatives of the Fort Bend County, Texas (the "County"), the Issuer, the Trustee, and of others. We have relied upon those certificates as to certain factual matters which we have not independently verified. We have also examined such portions of the Constitution and statutes of the State of Texas, and such applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, regulations and published rulings of the Internal Revenue Service, as we have deemed necessary for the purposes of this opinion.

Reference is made to an opinion of even date of the County Attorney of the County with respect to, among other matters, the authority of the County to enter into and perform its obligations under the Joint Project Agreement and its authorization, execution, delivery, binding effect and enforceability by and upon the County.

Based on the foregoing, and subject to the matters set forth below, we are of the opinion that:

1. The Issuer is duly created and validly existing as a Texas nonprofit local government corporation acting on behalf of the County created pursuant to Chapter 431, Texas Transportation Code, and has the corporate power to adopt the Resolution, enter into and perform the obligations under the Indenture and the Joint Project Agreement, and issue the Bonds. The transcript of proceedings evidences complete

legal authority for the issuance of the Bonds in full compliance with the Constitution and the laws of the State of Texas presently effective.

2. The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective, the Indenture creates the valid pledge of and lien on the Trust Estate that the Indenture purports to create, subject only to the provisions of the Indenture permitting the application of the Trust Estate for the purpose and on the terms and conditions set forth in the Indenture and that therefore the Bonds are valid and legally binding obligations of the Issuer.

3. Taxable property within the County is subject to the levy of ad valorem taxes by the County, within the legal limit as to rate, to pay the Authority an amount equal to the principal and interest on the Bonds pursuant to the terms of the Joint Project Agreement dated as July 24, 2012 and the County Order.

4. The Indenture and Resolution have been duly authorized by the Issuer, have been duly executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer. By the terms of the Indenture, all of the Issuer's right, title and interest in and to the Revenue Fund and the amounts required from time to time to be deposited in or credited to the account of the Subordinate Lien Debt Service Fund and the Tax Fund created pursuant to the Indenture, together with any investments and reinvestments thereof, have been assigned to the Trustee.

5. The Bonds are limited obligations solely of the Issuer and are not general obligations of the Issuer, the State of Texas, Fort Bend County, or any other entity. The Issuer has no authority to levy taxes.

We have examined executed Bond numbered AG-1. In our opinion, the form of said Bond and its execution is regular and proper.

IT IS OUR FURTHER OPINION that:

1. Interest on the Bonds is excludable from gross income for federal income tax purposes under existing law.

2. Interest on the Bonds is not includable in the alternative minimum tax on individuals and corporations, except that interest on the Bonds will be included in the "adjusted current earnings" of a corporation (other than any S corporation, regulated investment company, REIT, REMIC or FASIT) for purposes of computing its alternative minimum tax liability.

In providing such opinions, we have relied on representations of the Issuer, the County, the Issuer's financial advisor, and the Underwriters with respect to matters solely within the knowledge of the Issuer, the County, the Issuer's financial advisor, and

the Underwriters which we have not independently verified, and have assumed continuing compliance with the covenants in the Indenture and Resolution pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income the date of their original delivery, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt or accrual of, interest on, or acquisition, ownership or disposition of, the Bonds.

Owners of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, property and casualty insurance and life insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits (including tax-exempt interest such as interest on the Bonds).

The opinions set forth above are based on existing law, which is subject to change. Such opinions further are based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures, the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted in the Resolutions not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

Financial Advisory Services
Provided By

FirstSouthwest

CERTIFICATE FOR ORDER

THE STATE OF TEXAS §
§
COUNTY OF FORT BEND §

We, the undersigned officers of the Commissioners Court of Fort Bend County, Texas, hereby certify as follows:

1. The Commissioners Court of Fort Bend County, Texas, convened at a regular meeting of said Court at the Fort Bend County Courthouse in the City of Richmond, Texas, on the 24th day of July, 2012, and the roll was called of the duly constituted officers and members of said Court, to wit:

Robert Hebert	County Judge
Richard Morrison	Commissioner, Precinct 1
Grady Prestage	Commissioner, Precinct 2
Andy Meyers	Commissioner, Precinct 3
James Patterson	Commissioner, Precinct 4

and all of said persons were present, except the following absentee(s): _____, thus constituting a quorum. Whereupon, among other business, the following was transacted at said meeting: a written

ORDER APPROVING ISSUANCE OF FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY LIMITED CONTRACT TAX AND SUBORDINATE LIEN TOLL ROAD REVENUE BONDS, SERIES 2012; APPROVING A JOINT PROJECT AGREEMENT WITH THE FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY AND LEVYING AND PLEDGING A TAX FOR THE PAYMENT OF THE COUNTY'S OBLIGATION THEREUNDER; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

was duly introduced for the consideration of the Commissioners Court and read in full. It was then duly moved and seconded that said order be adopted; and, after due discussion, said motion, carrying with it the adoption of said order, prevailed and carried by the following vote:

AYES: All members shown present above voted Aye.

NOES: None.

2. A true, full and correct copy of the aforesaid order adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that said order has been duly recorded in the Commissioners Court's minutes of said meeting; that the above and foregoing paragraph is a true, full and correct excerpt from the

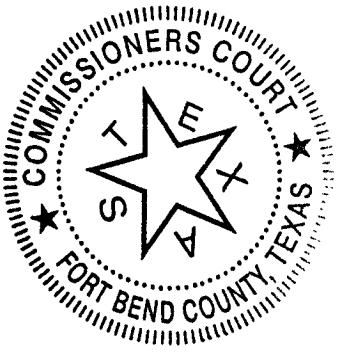
Commissioners Court's minutes of said meeting pertaining to the adoption of said order; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Commissioners Court as indicated therein; that each of the officers and members of the Commissioners Court was duly and sufficiently notified officially and personally, in advance, of the date, hour, place and purpose of the aforesaid meeting, and that said order would be introduced and considered for adoption at said meeting, and each of said officers and members consented, in advance, to the holding of said meeting for such purpose; that said meeting was open to the public as required by law; and that public notice of the date, hour, place and subject of said meeting was given as required by the Texas Open Meetings Act.

SIGNED AND SEALED this 24th day of July, 2012.

County Clerk

County Judge

(SEAL)



FORT BEND COUNTY, TEXAS

ORDER APPROVING ISSUANCE OF FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY LIMITED CONTRACT TAX AND SUBORDINATE LIEN TOLL ROAD REVENUE BONDS, SERIES 2012; APPROVING A JOINT PROJECT AGREEMENT WITH THE FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY AND LEVYING AND PLEDGING A TAX FOR THE PAYMENT OF THE COUNTY'S OBLIGATION THEREUNDER; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Commissioners Court of Fort Bend County, Texas (the "Commissioners Court"), as the governing body of Fort Bend County, Texas, duly created, by order adopted on June 8, 2010, the Fort Bend Grand Parkway Toll Road Authority (the "Authority") to provide the development of the Grand Parkway within Fort Bend County, Texas, pursuant to Chapter 431 of Texas Transportation Code; and

WHEREAS, the Authority intends to issue limited contract tax and subordinate lien toll road revenue bonds to (i) develop a portion of the Grand Parkway System (the "Fort Bend Grand Parkway") within Fort Bend County, Texas (the "County") for the benefit of the County; and (ii) provide for payment of the principal of and premium, if any, and interest on such bonds with revenues to be derived from the Fort Bend Grand Parkway, and the provision of certain services to the Authority; and

WHEREAS, the Commissioners Court has been presented with and examined a proposed form of the Joint Project Agreement to jointly undertake the Project pursuant to Section 791.028 Texas Government Code, as well as a resolution of the Authority authorizing the issuance of the Authority's bonds, and the Commissioners Court finds the form and substance of such documents are satisfactory and the recitals and findings contained therein are true, correct and complete; and

WHEREAS, Texas Government Code, Section 791.028 (d) authorizes the County to levy, pursuant to Article 8, Section 9 of the Texas Constitution, and pledge a tax for the payment of its obligations under the Agreement; NOW, THEREFORE,

BE IT RESOLVED BY THE COMMISSIONERS COURT OF FORT BEND COUNTY, TEXAS, THAT:

Section 1. APPROVAL OF AUTHORITY. The Commissioners Court hereby ratifies and approves all actions taken in connection with the creation and organization of the Authority, including the adoption of an "Order Approving the Creation of Fort Bend Grand Parkway Toll Road Authority; Approving the Articles of Incorporation and the Bylaws Thereof; and Containing Findings and other Provisions Relating to the Subject," on June 8, 2010.

Section 2. APPROVAL OF AUTHORITY RESOLUTION. The Commissioners Court hereby approves the Authority's Resolution Authorizing Issuance of Fort Bend Grand Parkway Toll Road Authority Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012, adopted by the Authority on July 24, 2012, a copy of which is attached hereto as Exhibit "A" (the "Authority Resolution") and made a part hereof for all purposes and approves all of the documents incorporated in the Authority Resolution including the Indenture, Bond Purchase Agreement and Official Statement.

Section 3. APPROVAL OF ISSUANCE OF BONDS. The Commissioners Court hereby approves the issuance of the Fort Bend Grand Parkway Toll Road Authority Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012 (the "Bonds").

Section 4. AUTHORIZATION OF JOINT PROJECT AGREEMENT. The Commissioners Court hereby approves the Joint Project Agreement to jointly undertake the Project (as defined in the Agreement) pursuant to Section 791.028 Texas Government Code in the form dated as of July 24, 2012 (the "Agreement"), attached hereto as Exhibit "B." The Commissioners Court, by a majority vote of its members, at a regular meeting, hereby approves the form, terms and provisions of said Agreement between the County and the Authority and authorizes the County Judge to execute and deliver the Agreement and the County Clerk to attest thereto with such changes and modifications as may be approved by the County Judge, such approval to be evidenced by his execution thereof.

Section 5. TAX LEVY AND PLEDGE. The Bonds are being issued by the Authority to finance the Fort Bend Grand Parkway. The County has covenanted in the Agreement to make periodic payments of the principal and interest as it accrues on the Authority's bonds (the "County Cost Allocation"), less any amount of Net Revenues (all as defined in the Agreement) paid to the Authority by the County for deposit to the Tax Fund. In order to provide for the payment of the County's Contractual Obligation and consistent with Article XI, Section 7 of the Texas Constitution, the Commissioners Court hereby confirms a special fund, created by the County designated as the "Fort Bend Grand Parkway Toll Road Authority Bond Fund," (the "Bond Fund") and the proceeds from all taxes levied, assessed, and collected for and on account of the County Cost Allocation of the County contained in and authorized by this Order shall be credited to such Fund. There is hereby levied and there shall be annually assessed and collected in due time, form and manner, at the same time as other County taxes are assessed, levied and collected, in each year, beginning with the current year, a continuing direct annual ad valorem tax, within the limits prescribed by law upon all taxable property in the County sufficient to pay such County Cost Allocation of the County as the same becomes due and to provide and maintain a sinking fund of not less than two percent of the principal amount of the County Cost Allocation or the amount required to pay such installment of the County Cost Allocation as the same becomes due, whichever is greater, full allowance being made for delinquencies and costs of collection. Said taxes are hereby irrevocably pledged to the payment of the interest on and principal of the County Cost Allocation and to no other purpose.

Section 6. FURTHER ACTIONS. The County Judge, County Auditor, Commissioners Court, County Clerk, and the other officials of the Commissioners Court are hereby authorized, jointly and severally, to execute and deliver such contracts, endorsements, instruments, certificates, documents or papers necessary and advisable and to take such actions as are necessary to carry out the intent and purposes of this Order.

Section 7. OPEN MEETING. Sufficient writing notice of the date, hour, place and subject of the meeting of the Corporation at which this Order was adopted was posted for the time required by law preceding this meeting and such meeting was open to the public as required by law and at all times during which the Order and the subject matter thereof were discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended.

Section 8. EFFECTIVE DATE. This Order shall take effect and be in full force and effect upon and after its passage.

Passed and approved this 24th day of July, 2012.

FORT BEND COUNTY, TEXAS

Robert Hebert, County Judge

ATTEST:

Dianne Wilson
County Clerk and Ex-Officio
Clerk of the Commissioners
Court of Fort Bend County, Texas

(SEAL)



CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS §
§
COUNTY OF FORT BEND §

We, the undersigned officers of the Fort Bend Grand Parkway Toll Road Authority (the "Authority"), do hereby certify as follows:

1. The Authority convened at a regular meeting of said Court at the Fort Bend County Courthouse in the City of Richmond, Texas, on the 24th day of July, 2012, and the roll was called of the duly constituted officers and members of said Court, to wit:

Jim Condrey	Chairman
Bobbie A. Tallas	Vice Chairman
Charles Rencher	Secretary
Cliff Terrell	Treasurer
Melody Hess	Assistant Secretary

and all of said persons were present, except the following absentee(s): _____, thus constituting a quorum. Whereupon, among other business, the following was transacted at said meeting: a written

RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY LIMITED CONTRACT TAX AND SUBORDINATE LIEN TOLL ROAD REVENUE BONDS, SERIES 2012; APPROVING A LIMITED CONTRACT TAX AND SUBORDINATE LIEN TOLL ROAD REVENUE BOND TRUST INDENTURE AND FIRST SUPPLEMENTAL LIMITED CONTRACT TAX AND SUBORDINATE LIEN TOLL ROAD REVENUE BOND TRUST INDENTURE, A BOND PURCHASE AGREEMENT AND OFFICIAL STATEMENT; AUTHORIZING THE EXECUTION OF DOCUMENTS AND INSTRUMENTS NECESSARY OR CONVENIENT TO CARRY OUT THE ISSUANCE, SALE, AND DELIVERY OF THE SERIES 2012 BONDS; AUTHORIZING AND RATIFYING OTHER ACTIONS; MAKING CERTAIN FINDINGS WITH RESPECT THERETO; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

was duly introduced for the consideration of the Authority and read in full. It was then duly moved and seconded that said resolution be adopted; and, after due discussion, said motion, carrying with it the adoption of said resolution, prevailed and carried by the following vote:

AYES: All members shown present above voted Aye.

NOES: None.

2. A true, full and correct copy of the aforesaid resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that said resolution has been duly recorded in the Authority's minutes of said meeting; that the above and foregoing paragraph is a true, full and correct excerpt from the Authority's minutes of said meeting pertaining to the adoption of said resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers of the Authority as indicated therein; that each of the officers of the Authority was duly and sufficiently notified officially and personally, in advance, of the date, hour, place and purpose of the aforesaid meeting, and that said resolution would be introduced and considered for adoption at said meeting, and each of said officers and members consented, in advance, to the holding of said meeting for such purpose; that said meeting was open to the public as required by law; and that public notice of the date, hour, place and subject of said meeting was given as required by the Texas Open Meetings Act.

SIGNED AND SEALED the 24th day of July, 2012.

Assistant Secretary, Board of Directors

Chairman, Board of Directors

(SEAL)



RESOLUTION AUTHORIZING THE ISSUANCE, SALE, AND DELIVERY OF FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY LIMITED CONTRACT TAX AND SUBORDINATE LIEN TOLL ROAD REVENUE BONDS, SERIES 2012; APPROVING A LIMITED CONTRACT TAX AND SUBORDINATE LIEN TOLL ROAD REVENUE BOND TRUST INDENTURE AND FIRST SUPPLEMENTAL LIMITED CONTRACT TAX AND SUBORDINATE LIEN TOLL ROAD REVENUE BOND TRUST INDENTURE, A BOND PURCHASE AGREEMENT AND OFFICIAL STATEMENT; AUTHORIZING THE EXECUTION OF DOCUMENTS AND INSTRUMENTS NECESSARY OR CONVENIENT TO CARRY OUT THE ISSUANCE, SALE, AND DELIVERY OF THE SERIES 2012 BONDS; AUTHORIZING AND RATIFYING OTHER ACTIONS; MAKING CERTAIN FINDINGS WITH RESPECT THERETO; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

THE STATE OF TEXAS §
§
COUNTY OF FORT BEND §

WHEREAS, the Commissioners Court of Fort Bend County, Texas (the "Commissioners Court"), as the governing body of Fort Bend County, Texas, duly created, by order adopted on June 8, 2010, the Fort Bend Grand Parkway Toll Road Authority (the "Authority") to provide the development of the Grand Parkway within Fort Bend County, Texas, pursuant to Chapter 431 of Texas Transportation Code; and

WHEREAS, Fort Bend Grand Parkway Toll Road Authority (the "Authority"), is authorized pursuant to and in accordance with the provisions of Chapter 284, Texas Transportation Code, as amended (the "Act"), among other things to initiate construction of the tolled overpasses on the Fort Bend Grand Parkway and the reconstruction of portions of the existing roadway from U.S. 59 to and including the intersection at FM1093/Westpark Tollway (the "Project").

WHEREAS, the Authority has determined to issue its $155,085,000 Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012 (the "Series 2012 Bonds") pursuant to the Limited Contract Tax and Subordinate Lien Toll Road Revenue Bond Trust Indenture dated as of July 1, 2012 (the "Master Indenture"), and the First Supplemental Limited Contract Tax and Subordinate Lien Toll Road Revenue Bond Trust Indenture dated July 1, 2012 (the "First Supplemental Indenture") (collectively, the "Indenture") between the Authority and the Trustee;

WHEREAS, the Authority has further determined to enter into a Bond Purchase Agreement, as of the date hereof (the "Bond Purchase Agreement"), related to the Series

2012 Bonds with Bank of America/Merrill Lynch, as senior book running manager and representative of the syndicate of underwriters (the "Underwriters"), setting forth certain terms and conditions upon which the Underwriters will purchase the Series 2012 Bonds from the Authority and the Authority will sell the Series 2012 Bonds to the Underwriters;

WHEREAS, the Authority has been presented with, has considered and desires to ratify and approve the use in the public offering of the Series 2012 Bonds, a Preliminary Official Statement (the "Preliminary Official Statement"), and desires to authorize the preparation and use of a final Official Statement (the "Official Statement") pertaining to the Series 2012 Bonds;

WHEREAS, the Authority desires to ratify certain other actions heretofore taken with respect to the Series 2012 Bonds and the Project, as defined in the Indenture;

WHEREAS, the Authority has examined the Indenture, the Bond Purchase Agreement, and the Preliminary Official Statement, all of which are attached to and comprise a part of this Resolution, and has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined to authorize the issuance of the Series 2012 Bonds, the execution and delivery of such documents, and the taking of such other actions as may be necessary or convenient in connection therewith; and

THEREFORE, BE IT RESOLVED, ADJUDGED AND DECREED BY THE AUTHORITY THAT:

ARTICLE I

THE SERIES 2012 BONDS

Section 1.1. Sale, Execution, and Delivery of the Series 2012 Bonds. That the issuance of the Series 2012 Bonds is hereby authorized, under and in accordance with the Master Indenture and the First Supplemental Indenture, and that, upon execution and delivery of the Master Indenture and the First Supplemental Indenture, the Authority is hereby authorized to execute, attest, and affix the Authority's seal to the Series 2012 Bonds and to deliver the Series 2012 Bonds to the Attorney General of the State of Texas for approval, the Comptroller of Public Accounts for registration and the Trustee or authenticating agent for authentication, and thereafter to deliver such Series 2012 Bonds to the Underwriters pursuant to the Bond Purchase Agreement.

It is hereby found and determined that the issuance of the Series 2012 Bonds will benefit the Authority, and the issuance of the Series 2012 Bonds is in the best interest of the Authority.

Section 1.2. Approval, Execution, and Delivery of Indenture. That the Master Indenture and First Supplemental Indenture attached as Exhibit "A" are hereby approved and the Authority is hereby authorized to execute, attest, and affix the Authority's seal to the Master Indenture and the First Supplemental Indenture, and to deliver the Master Indenture and First Supplemental Indenture to the Trustee and the Underwriters.

Section 1.3. Approval, Execution, and Delivery of the Bond Purchase Agreement. That the sale of the Series 2012 Bonds to the Underwriters is hereby approved and Authority is hereby authorized to execute, attest, and affix the Authority's seal to the Bond Purchase Agreement and to deliver the Bond Purchase Agreement to the Underwriters in substantially the form attached as Exhibit "B."

Section 1.4. Approval, Execution, Use, and Distribution of the Official Statement. That the Preliminary Official Statement and the use and distribution by the Underwriters of the Preliminary Official Statement in accordance with the terms, conditions and limitations contained therein are hereby approved, ratified, confirmed, and authorized and it is hereby deemed to be "final" as of its date for purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, except for the omission of no more than the information permitted by subparagraph (b)(1) of such Rule; that the preparation and distribution by the Underwriters of a final Official Statement in substantially the same form as the Preliminary Official Statement, together with such additions, deletions and modifications as shall be necessary and desirable or consistent with the terms of this Resolution, and the Indenture, is hereby authorized; that the Authority are each hereby authorized to execute the Official Statement; and that the use and distribution of the Official Statement by the Underwriters is hereby approved and authorized, subject to the terms, conditions and limitations contained therein and further subject to such amendments or additions thereto as may be required by the Bond Purchase Agreement and as may be approved by the Authority.

Section 1.5. Approval of Requests for Rating from Rating Agencies. That the action of the Authority and the Authority's consultants in seeking ratings from Moody's Investors Service, Inc., and Fitch Ratings, is hereby ratified and confirmed.

ARTICLE II
MISCELLANEOUS PROVISIONS

Section 2.1. Ratifying Other Actions. That all other actions, heretofore or hereafter taken, by the Authority and its consultants in connection with the issuance of the Series 2012 Bonds are hereby ratified and confirmed.

Section 2.2. Authorization for Certain Other Actions. That the members of the Board of Directors, the Authority's bond counsel and the Authority's financial advisor

are hereby authorized to take such other actions as may be necessary to meet with bond rating agencies and prospective bond purchasers so as to achieve the most favorable terms for the sale of the Series 2012 Bonds and to attend the closing for the Series 2012 Bonds, and to incur expenses for travel, meals, and lodging in connection therewith.

Section 2.3. Execution and Delivery of Other Documents. That the Authority is hereby authorized to execute, attest, and affix the Authority's seal to such other agreements, advance commitment agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, including without limitation, engagement letters in the forms presented to the Authority with Allen Boone Humphries LLP as Bond Counsel and First Southwest Company as Financial Advisor, and to take all action and to do all things whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, the Indenture, and the Bond Purchase Agreement.

Section 2.4. Exhibits Incorporated Herein. That all of the terms and provisions of the documents listed below as an exhibit shall be and are hereby approved, incorporated into and made a part of this Resolution for all purposes.

Exhibit "A" - Indenture
Exhibit "B" - Bond Purchase Agreement
Exhibit "C" - Preliminary Official Statement
Exhibit "D" - Cost of Issuance

Section 2.5. Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Authority is hereby authorized to make or approve such revisions, additions, deletions, and variations to this Resolution and in the form of the documents attached hereto as exhibits, in the judgment of the Authority, and in the opinion of Bond Counsel to the Authority, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, the Indenture, the Bond Purchase Agreement, the Preliminary Official Statement, the final Official Statement, or as may be required for approval of the Series 2012 Bonds by the Attorney General of Texas; provided, however, that any changes to such documents resulting in substantive amendments to the terms and conditions of the Series 2012 Bonds or such documents shall be confirmed by the Authority.

Section 2.6. Costs of Issuance. A portion of the proceeds of the Series 2012 Bonds shall be applied to pay costs and expenses arising in connection with the issuance.

Section 2.7. Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 2.8. Notice of Meeting. That written notice of the date, hour and place of such meeting of the Authority and of the subject of the Resolution was furnished to the Fort Bend County Clerk and posted for at least 72 hours preceding the convening of such meeting, on a bulletin board in the Fort Bend County Court House located at a place convenient to the public; that such place was readily accessible to the general public at all times from the time of such posting until the convening of such meeting, that such meeting was open to the public as required by law at all times during which the Resolution and the subject matter thereof was discussed, considered and formally acted upon, all as required by the Open Meetings Law, Chapter 551, Texas Government Code, as amended.

ADOPTED, PASSED, and APPROVED this 24th day of July, 2012.

Chairman, Board of Directors
Fort Bend Grand Parkway Toll Road
Authority

ATTEST:

Assistant Secretary, Board of Directors
Fort Bend Grand Parkway Toll Road
Authority

(SEAL)



EXHIBIT A

INDENTURE AND

FIRST SUPPLEMENTAL INDENTURE

(Please see Tab Nos. 1 and 2)

EXHIBIT B

BOND PURCHASE AGREEMENT

(Please see Tab No. 3)

EXHIBIT C

PRELIMINARY OFFICIAL STATEMENT

(Please see Tab No. 4)

EXHIBIT D

COST OF ISSUANCE

Fort Bend Grand Parkway Toll Road Authority

The following costs and expenses are to be paid by the Authority in the amounts indicated:

Item of Cost or Expense		Amount
Bond Counsel and Expenses	Not to exceed	$160,085.00
Financial Advisor Fees	Not to exceed	$321,170.00
Financial Advisor Expenses		
Rating Agencies		
Moody's Investors Services		$100,000.00
Fitch's Rating		$90,000.00
*Printing & Mailing		$7,500.00
*Travel and related expenses of County Officials		
Attorney General Fee		$9,500.00
*Miscellaneous		$5,000.00
*Trustee and Counsel		$9,000.00
Total		$702,255

*Amounts are estimates and subject to change

GENERAL CERTIFICATE
OF
FORT BEND GRAND PARKWAY
TOLL ROAD AUTHORITY

THE STATE OF TEXAS §
COUNTY OF FORT BEND §

We, the undersigned, Chairman and Assistant Secretary of the FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY (the "Authority"), hereby make and execute this certificate for the benefit of all persons interested in the Authority's $155,085,000 Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012, dated August 1, 2012, now in the process of issuance (the "Bonds"). We certify that:

1. The Commissioners' Court of Fort Bend County, Texas (the "Commissioners Court"), as the governing body of Fort Bend County, Texas, duly created, by order adopted on June 8, 2010, the Fort Bend Grand Parkway Toll Road Authority (the "Authority") to provide the development of the Grand Parkway within Fort Bend County, Texas, pursuant to Chapter 431 of Texas Transportation Code; and

2. Attached hereto as Exhibit "A" and Exhibit "B," respectively, is a true, correct, and complete copy of the Certificate of Incorporation of the Authority, together with the Articles of Incorporation, filed with the Secretary of State of Texas on June 16, 2010, and a true, correct, and complete copy of the Bylaws of the Authority. The Authority's Articles of Incorporation and Bylaws have in no way been amended, repealed, changed, or altered since the Authority was created.

3. Attached hereto as Exhibit "C" and Exhibit "D," respectively, is a true, correct, and complete copy of a Certificate of Continued Existence from the Secretary of State of Texas and a true, correct, and complete copy of a Certificate of Good Standing from the Comptroller of Public Accounts of the State of Texas.

4. From June 16, 2010, the date the Authority's Organization Meeting, until the present, the Board of Directors of the Authority consisted of the following persons:

Jim Condrey	Chairman
Bobby A. Tallas	Vice Chairman
Charles Rencher	Secretary
Cliff Terrell	Treasurer
Melody Hess	Assistant Secretary

5. No litigation is pending or, to the best of our knowledge, threatened against the Authority with respect to the issuance of the Bonds or the title or authority of the officers and directors of the Authority.

6. Due notice of all meetings relating to the sale, issuance, and delivery of the Bonds has been given to the directors of the Authority in accordance with the Authority's Bylaws and State law.

7. None of the Pledged Revenues, as defined in the Authority's Indenture of Trust, dated as of July 1, 2012, as amended and supplemented by the First Supplemental Indenture of Trust, dated July 1, 2012 (collectively, the "Indenture"), authorizing the issuance of the Bonds have been pledged or encumbered to the payment of any debt or obligation of the Authority, except in connection with the Bonds.

8. The resolution authorizing the issuance of the Bonds (the "Resolution") and other documents relating to the issuance of the Bonds, including those documents attached to the Resolution (the "Bond Documents"), (a) have been properly executed by the Authority and due performance thereof has been authorized by the Authority, (b) are in substantially the form as approved by or on behalf of the Authority and (c) are in full force and effect and have not been amended or rescinded except as may have been approved by the Chairman or Vice Chairman of the Authority with the advice of Bond Counsel.

9. The Authority has taken no action that, if finally concluded, would constitute a breach or violation of any of the covenants and provisions of the Bond Documents.

10. The terms and performance of the Bond Documents by the Authority are not in conflict with the Articles of Incorporation or Bylaws of the Authority or any other instrument or restriction to which the Authority is a party or subject.

11. Bond proceeds will be used in accordance with the laws of the State of Texas.

12. The Debt Service Requirements Schedule located in the Official Statement is a true and correct debt service schedule, reflecting the Authority's debt service requirements after the issuance of the Bonds.

13. The Traffic and Revenue Study and Cash Flow Projections schedules located in the Official Statement is a true and correct schedule, reflecting the projected revenues of the Authority.

14. The Authority is not in material default with the terms of the Indenture, any Bond Resolution (as defined in the Indenture), or any other agreement to which it is a party.

15. Upon issuance of the Bonds, the requirements set forth in the Indenture for the issuance of Additional Parity Bonds, including the specific requirement that there shall be on deposit in the Reserve Fund, after the issuance of the Bonds, an amount equal to the Reserve Requirement on all Outstanding Parity Bonds, including the Bonds, have been satisfied. (All Capitalized terms as defined in the Indenture.)

16. The Authority has complied with all applicable competitive bidding requirements of Chapter 431 of the Local Government Code.

17. The Authority qualifies under Section 1371.001(iv)(P) because the Authority is an issuer defined under 1201.002(c) of the Government Code that has a principal amount of at least $100 million in long-term indebtedness proposed to be issued and is rated in one of the four highest rating categories for long-term debt instruments by a nationally recognized rating agency for municipal securities, without regard to the effect of any credit agreement or other form of credit enhancement entered into in connection with the obligation.

18. The proceeds from the Bonds will not be spent outside of Fort Bend County, Texas. In the event future issuances involve portions of project costs that are outside of Fort Bend County, Texas, the Authority will obtain the respective county's consent by resolution per Chapter 284 of the Transportation Code.

[Execution Page Follows]

WITNESS OUR HANDS this 24th day of July, 2012.

By: _____
Chairman, Board of Directors

ATTEST:

By: _____
Assistant Secretary, Board of Directors

LIST OF EXHIBITS

Exhibit "A" - Copy of the Certificate of Incorporation of the Authority, together with the Articles of Incorporation, filed with the Secretary of State of Texas on June 16, 2010.

Exhibit "B" - Copy of the Bylaws of the Authority.

Exhibit "C" - Copy of a Certificate of Continued Existence from the Secretary of State of Texas

Exhibit "D" - Copy of a Certificate of Good Standing from the Comptroller of Public Accounts of the State of Texas

EXHIBIT A

EXHIBIT A

Corporations Section
P.O.Box 13697
Austin. Texas 78711-3697

Hope Andrade
Secretary of State

Office of the Secretary of State

The undersigned, as Secretary of State of Texas, does hereby certify that the attached is a true and correct copy of each document on file in this office as described below:

Fort Bend Grand Parkway Toll Road Authority
Filing Number: 801283708

Certificate of Formation — June 16, 2010

In testimony whereof, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in Austin, Texas on July 26, 2010.

Hope Andrade
Secretary of State

FILED
In the Office of the
Secretary of State of Texas
JUN 16 2010
Corporations Section

ARTICLES OF INCORPORATION OF FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY

We, the undersigned natural persons, qualified electors of the age of eighteen (18) years or more, acting as incorporators of a corporation under Subchapter D of the Texas Transportation Corporation Act, TEX. TRANSP. CODE ANN. § 431 et seq., and the Texas Non-Profit Corporation Act, Article 1396-1.01 et seq., Vernon's Texas Civil Statutes, as amended, do hereby adopt the following Articles of Incorporation for such corporation.

ARTICLE I

The name of the corporation is Fort Bend Grand Parkway Toll Road Authority (hereinafter referred to as "Authority"). Senate Bill 792 (Acts 2007, 80th Legislature, Reg. Session) (the "Act") provided seven counties, including Fort Bend County, the right to develop State Highway 99 (the "Grand Parkway"). Since 2007, Fort Bend, Harris, Montgomery, Liberty, Chambers, Galveston and Brazoria Counties (the "Counties") have been engaged in the process set forth in the Act for the development of the Grand Parkway. On September 7, 2009, the County exercised its right to develop the portion of the Grand Parkway within the County.

The development of the Grand Parkway must comply with the Terms and Conditions that were approved by the Texas Department of Transportation ("TxDOT"), the Houston-Galveston Area Council, and the Counties. The Terms and Conditions for the Grand Parkway provide for the Grand Parkway to be developed as a tolled facility.

The Act included a market valuation requirement, which TxDOT and the Counties agreed to waive, effective March 25, 2009 (the "Waiver Agreement"). The Waiver Agreement requires the Grand Parkway to be developed as a "stand alone" facility and requires that revenues from the Grand Parkway be used solely for the completion of the entire Grand Parkway until the ultimate project is completed.

ARTICLE II

The Authority is a public, non-profit, non-stock corporation and has no members.

ARTICLE III

The Authority shall be of perpetual duration.

ARTICLE IV

The Authority is organized and is to be operated to perform an essential governmental function, specifically to assist Fort Bend County (the "County") in conjunction with the appropriate local governmental entities where necessary to develop the Grand Parkway, including without limitation, planning, designing, acquiring, financing, building, extending and improving causeways, bridges, tunnels, turnpikes, highways, overpasses, underpasses, interchanges, entrance plazas, toll houses, service stations, approaches, fixtures, accessories and necessary equipment, including drainage facilities (the "Projects").

Without limitation the Authority shall have and exercise all of the rights, powers, privileges, authority, and functions given by the general laws of Texas to transportation corporations incorporated under the provisions of the Texas Transportation Corporation Act, including Chapter 284 Texas Transportation Code, Subchapter D, and non-profit corporations incorporated under the Texas Non-Profit Corporation Act, which are consistent with the provisions of the Texas Transportation Corporation Act. In addition, the Authority shall have the following powers together with all powers incidental thereto or necessary for the performance of those hereinafter stated:

(a) The Authority shall have all powers necessary to work directly with landowners, public officials, the State and its governmental agencies, counties, cities and other political subdivisions to support those activities required to promote, develop, finance, construct, own, operate and maintain the Projects in the County. These activities shall include without limitation: (1) performing preliminary and final alignment studies; (2) receiving contributions of land for rights-of-way and cash donations to be applied to the purchase of rights-of-way not donated and/or to be applied to the design or construction of Projects in the County; (3) purchasing rights-of-way or obtaining rights-of-way through use of eminent domain; (4) reviewing candidates for advisory directorships and adding such advisory directors as may be appropriate; (5) retaining such administrative staffs, and legal, public information and affairs, financial and engineering consultants as may be required for the development of the Projects in the County and paying such employees and consultants from funds received for this purpose; (6) through staff and retained consultants, preparing such exhibits, right-of-way documents, environmental reports, environmental feasibility studies, schematics, preliminary and final engineering plans as may be necessary for the development of Projects in the County; (7) soliciting cash contributions and entering into contracts to cover the costs of the services to be performed by the Authority and appointed consultants;

(8) borrowing money, including but not limited to contractual obligations, bonds and notes, to meet any expenses or needs associated with the operations of the Authority or any capital improvements undertaken by the Authority; (9) making official presentations to the State and other affected agencies or groups concerning the development of Projects in the County; (10) issuing press releases and other material to promote the activities of the Authority; (11) contracting with cities, counties, political subdivisions and other entities for funding of the Authority's Projects, activities, and services in the County; (12) performing any other functions requested by the County in order to promote and develop the Grand Parkway; and (13) contracting with the Texas Department of Transportation for the construction, financing, operation, and maintenance of the Grand Parkway as may be necessary or desirable.

(b) The Authority shall have all other powers of a like or different nature not prohibited by law which are available to transportation corporations created under Subchapter D of the Texas Transportation Corporation Act and nonprofit corporations in Texas and which are necessary or useful for the promotion, development and construction of the Grand Parkway.

(c) The foregoing notwithstanding, every action of the Authority shall require the approval of the Commissioners Court of Fort Bend County.

If the Board of Directors determines that sufficient provision has been made for full payment of the expenses, bonds and other obligations of the Authority, any net corporate earnings accruing after the determination may be used for other Grand Parkway segments outside the County. No part of the Authority's income shall inure to the benefit of any private interests. In the event of dissolution or liquidation of the Authority, title to all funds and property owned by the Authority should be turned over to the County, provided, however, that such funds and property may only be used for the Grand Parkway.

ARTICLE V

The street address of the initial registered office of the Authority is 2333 Town Center Drive, Suite 100, Sugar Land, TX 77478-4383 and the name of its initial registered agent at such address is William O. Jameson.

ARTICLE VI

The number of Directors constituting the initial Board of Directors of the Authority is five (5) and the names and addresses of the persons, each of whom resides in the County, who are to serve as the initial Board of Directors are:

1. Dr. Jim Condrey
   P.O. Box 2789
   Sugar Land, TX 77489-2789

2. Ms. Bobbie Tallas
   P.O. Box 2789
   Sugar Land, TX 77489-2789

3. Mr. Cliff Terrell
   P.O. Box 2789
   Sugar Land, TX 77489-2789

4. Mr. Charles Rencher
   P.O. Box 2789
   Sugar Land, TX 77489-2789

5. Ms. Melody Hess
   P.O. Box 2789
   Sugar Land, TX 77489-2789

ARTICLE VII

Dr. Jim Condrey is designated as the initial Chairperson of the Board.

ARTICLE VIII

Directors shall hold office for the term for which the director is elected or appointed according to the Articles of Incorporation and Bylaws, and until the director's successor is elected or appointed and has qualified. A director may be removed from office under any removal procedure provided by the Articles of Incorporation or the Bylaws. The Fort Bend County Commissioners Court (the "Commissioners Court") shall fill any vacancy in the Board of Directors by appointment in accordance with the Articles of Incorporation or the Bylaws.

ARTICLE IX

The Authority is created as a local government corporation pursuant to the Acts and shall be a governmental unit within the meaning of Section 101.001 Texas

Civil Practice and Remedies Code. The Authority shall have the power to acquire land in accordance with the Act as amended from time to time.

The Authority is formed pursuant to the provisions of the Act as it now or may hereafter be amended, and Chapter 394, Texas Local Government Code, which authorizes the Authority to assist and act on behalf of the County and to engage in activities in the furtherance of the purposes for its creation, provided that the Authority shall not be authorized to make or acquire home mortgages, or to make loans to lending institutions, the proceeds of which are to be used to make home mortgages or to make loans on residential developments.

The Authority shall have an exercise all of the rights, powers, privileges, authority and functions given by the general laws of Texas to non-profit corporations incorporated under the Act including, without limitation Article 1396, Vernon's Texas Civil Statutes.

ARTICLE X

The names and street addresses of the incorporators, each of whom resides in the County, are:

1. Dr. Jim Condrey
   P.O. Box 2789
   Sugar Land, TX 77489-2789

2. Ms. Bobbie Tallas
   P.O. Box 2789
   Sugar Land, TX 77489-2789

3. Mr. Cliff Terrell
   P.O. Box 2789
   Sugar Land, TX 77489-2789

ARTICLE XI

No Director shall be liable to the Authority for monetary damages for an act or omission in the Director's capacity as a Director, except for liability (i) for any breach of the Director's duty of loyalty to the Authority, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for any transaction from which the Director received an improper benefit, whether or not the benefit resulted from an act taken within the scope of the Director's office, or (iv) for acts or omissions for which the liability of a Director is expressly provided by statute. Any repeal or amendment of this Article by the Directors shall be prospective only, and shall not adversely affect any

limitation on the personal liability of a Director existing at the time of such repeal or amendment. In addition to the circumstances in which a Director is not personally liable as set forth in the preceding sentences, a Director shall not be liable to the fullest extent permitted by common law and any amendment to the Texas statutes hereafter enacted that further limits the liability of a Director.

ARTICLE XII

Any income of the Authority received by the County shall be deposited into a special fund (designated the "Fort Bend Grand Parkway Toll Road Authority Fund") in County Treasury, or its successor. No part of the Authority's income shall inure to the benefit of any private interests.

If the Board of Directors determines by resolution that the purposes for which the Authority was formed have been substantially met and all bonds issued by and all obligations incurred by the Authority have been fully paid, the Board shall execute a certificate of dissolution which states those facts and declares the Authority dissolved in accordance with the requirements of Section 394.026 of Vernon's Texas Code Annotated, Local Government Code, or with applicable law then in existence. In the event of dissolution or liquidation of the Authority, title to all funds and property owned by the Authority shall be turned over to the County, provided, however, that such funds and property may only be used for the Grand Parkway.

ARTICLE XIII

These Articles may not be changed or amended unless approved by the Commissioners Court of the County.

ARTICLE XIV

The Commissioners Court has specifically authorized the Authority by Order dated the 8th day of June, 2010, to act on the County's behalf to further the public purposes stated in said resolution and herein and has approved these Articles of Incorporation of Fort Bend Grand Parkway Toll Road Authority by said Order.

[Signature Page Follows.]

IN WITNESS WHEREOF, we have hereunto set our hands this 15th day of June, 2010.

Dr. Jim Condrey

Ms. Bobbie Tallas

Mr. Cliff Terrell

VERIFICATION

THE STATE OF TEXAS §
§
COUNTY OF FORT BEND §

I, Justine Marie Cherne, a notary public, do hereby certify that on this 15th day of June, 2010, personally appeared before me, Dr. Jim Condrey, Ms. Bobbie Tallas, and Mr. Cliff Terrell, being by me first duly sworn, severally declared that they are the persons who signed the foregoing document as incorporators and that the statements herein contained are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year above written.

JUSTINE MARIE CHERNE
MY COMMISSION EXPIRES
August 15, 2012

Justine Marie Cherne
Notary Public in and for the State of Texas

My commission expires:

August 15, 2012

EXHIBIT B

BYLAWS

OF

FORT BEND GRAND PARKWAY

TOLL ROAD AUTHORITY

BYLAWS

OF

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY

ARTICLE I
OFFICE OF CORPORATION; REGISTERED AGENT

1.01. Principal Office. The principal office of Fort Bend Grand Parkway Toll Road Authority ("Authority") in the State of Texas shall be 7002 Riverbrook Drive, Suite 700, Sugar Land, Texas, 77479, in Fort Bend County, Texas. The Authority may have such other offices, either within or without the State of Texas, as the Board of Directors (the "Board") may determine or as the affairs of the Authority may require from time to time.

1.02. Registered Office and Registered Agent. The Authority shall have and continuously maintain in the State of Texas a registered office, and a registered agent whose office is identical with such registered office, as required by the Texas Transportation Corporation Act, Chapter 431, Texas Transportation Code, and the Texas Non-Profit Corporation Act Article 1396-1.01 et seq., Vernon's Texas Civil Statutes, as amended. The registered office may be, but need not be, identical with the principal office of the Authority in the State of Texas, and the address of the registered office may be changed from time to time by the Board.

ARTICLE II
PURPOSES

The Authority is organized under the authority of the Texas Transportation Corporation Act and the Texas Non-Profit Corporation Act and is to be operated to assist in the performance of an essential governmental function, specifically to assist the County of Fort Bend, Texas, pursuant to Chapter 284, Texas Transportation Code and other state law in conjunction with the appropriate local governmental entities where necessary to develop State Highway 99 (the "Grand Parkway"), including without limitation planning, designing, acquiring, financing, building, extending and improving causeways, bridges, tunnels, turnpikes, highways, overpasses, underpasses, interchanges, entrance plazas, toll houses, service stations, approaches, fixtures, accessories, and necessary equipment, including drainage facilities (the "Projects").

Senate Bill 792 (Acts 2007, 80th Legislature, Reg. Session) (the "Act") provided seven counties, including Fort Bend County, the right to develop the Grand Parkway. Since 2007, Fort Bend, Harris, Montgomery, Liberty, Chambers, Galveston and Brazoria Counties (the

"Counties") have been engaged in the process set forth in the Act for the development of the Grand Parkway. On September 7, 2009, the County exercised its right to develop the portion of the Grand Parkway within the County.

The development of the Grand Parkway must comply with the Terms and Conditions that were approved by the Texas Department of Transportation ("TxDOT"), the Houston-Galveston Area Council, and the Counties. The Terms and Conditions for the Grand Parkway provide for the Grand Parkway to be developed as a tolled facility.

The Act included a market valuation requirement, which TxDOT and the Counties agreed to waive, effective March 25, 2009 (the "Waiver Agreement"). The Waiver Agreement requires the Grand Parkway to be developed as a "stand alone" facility and requires that revenues from the Grand Parkway be used solely for the completion of the entire Grand Parkway until the ultimate project is completed.

The Authority is an "operating board" of the Grand Parkway, pursuant to Texas Transportation Code Section 284.066.

ARTICLE III
CLASSES OF MEMBERS

The Authority shall have no members, but shall consist only of a Board, assisted by Advisory Directors as hereinafter provided.

ARTICLE IV
BOARD OF DIRECTORS

4.01. Classes, Powers, Number and Term of Office. The property and affairs of the Authority shall be managed and controlled by the Board, and subject to the restrictions imposed by law, the Articles of Incorporation, or these Bylaws, the Board shall exercise all of the powers of the Authority.

The Board shall consist of five (5) Directors appointed by the Commissioners Court of the County. The number of Directors may only be increased or decreased by the Commissioners Court of the County or by an amendment to the Articles of Incorporation, provided that the number of Directors shall never be less than three (3). All Directors shall hold office until their respective (a) deaths or resignation or (b) removal as provided herein. The term of office for a Director shall be four (4) years. A Director may be appointed to serve for more than one term of office. In any event, a Director shall continue to serve as such until his or her respective successor shall have been appointed and qualified.

The Chairperson of the Board shall be designated by the County Judge.

Any Director may be removed from office, for cause or at will, by the Commissioners Court of the County. Any vacancy occurring in the Board, whether by increase in the number of Directors or otherwise, shall be filled by the County Commissioners Court.

4.02. Meetings of Directors. The Directors may hold their meetings and may have an office and keep the books of the Authority at such place or places as the Board may from time to time determine, provided, however, in the absence of any such determination, such place shall be the registered office of the Authority in the State of Texas.

The Board shall file notice of each meeting of the Board in the same manner and in the same location as is required of a governmental body under the Texas Open Meetings Act, Chapter 551, Texas Government Code.

The Board is subject to the Texas Open Records Act, Chapter 552, Texas Government Code.

4.03. Annual Meetings. The Annual Meeting of the Board shall be held at a time and at the location in the County designated by resolution of the Board for the purposes of transacting such business as may be brought before the meeting. Provided the Board meets at least once every year, the Annual Meeting requirement is held to have been met.

4.04. Regular Meetings. Regular Meetings of the Board shall be held at such times and places as shall be designated, from time to time, by resolution of the Board.

4.05. Special and Emergency Meetings. Special and Emergency Meetings of the Board shall be held whenever called by the Chairperson of the Board or by the Secretary or by a majority of the Directors who are serving duly-appointed terms of office at the time the meeting is called.

The Secretary shall give notice of each Special Meeting in person, or by mail or facsimile at least three (3) days before the meeting to each Director. Notice of each Emergency Meeting shall be given in the manner required of a governmental body under Subsection 551.045 of the Texas Open Meetings Act, Chapter 551, Texas Government Code. Unless otherwise indicated in the notice thereof, any and all matters pertaining to the purposes of the Authority may be considered and acted upon at a Special or Emergency Meeting. At any meeting at which every Director shall be present, even though without any notice, any matter pertaining to the purposes of the Authority may be considered and acted upon.

4.06. Quorum. A majority of the duly-appointed Directors shall constitute a quorum for the consideration of matters pertaining to the purposes of the Authority. If at any meeting of the Board there is less than a quorum present, a majority of those

present may adjourn the meeting from time to time. The act of a majority of the Directors present in person at a meeting at which a quorum is in attendance shall constitute the act of the Board, unless the act of a greater number is required by law, by the Articles of Incorporation, or by these Bylaws.

A Director who is present at a meeting of the Board at which any corporate action is taken shall be presumed to have assented to such action unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Authority immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of the action.

4.07. Proxies. A Director may not vote by proxy.

4.08. Conduct of Business. At the meetings of the Board, matters pertaining to the purposes of the Authority shall be considered in such order as from time to time the Board may determine.

At all meetings of the Board, the Chairperson shall preside, and in the absence of the Chairperson the Vice-Chairperson shall preside. In the absence of both the Chairperson and the Vice-Chairperson, a presiding director shall be chosen by the Board from among the Directors present.

The Secretary of the Authority shall act as Secretary of all meetings of the Board, but in the absence of the Secretary, the presiding officer may appoint any person to act as Secretary of the meeting.

4.09. Compensation of Directors. Directors are entitled to compensation pursuant to Transportation Code Section 284.0665, provided such compensation must be established by Resolution of the Board.

4.10. Director's Reliance on Consultant Information. A Director shall not be liable if while acting in good faith and with ordinary care, he relies on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Authority or another person, that were prepared or presented by:

(a) one or more other officers or employees of the Authority;

(b) legal counsel, public accountants, financial advisors, or other persons as to matters the officer reasonably believes are within the person's professional or expert competence; or

(c) a committee of the Board of which the Director is not a member.

4.11. Reimbursement of Expenses. A Director is entitled to reimbursement from the Authority for expenses incurred in the performance of the Director's duties.

ARTICLE V
OFFICERS

5.01. Officers. The officers of the Authority shall be a Chairperson (serving as President) of the Board, one or more Vice Chairpersons (one of whom serves as Vice President) of the Board (the number thereof to be determined by the Board), a Secretary, a Treasurer, and such other officers as the Board may from time to time elect or appoint. Any two or more offices may be held by the same person, except that the Chairperson of the Board shall not hold the office of Secretary.

5.02. Election and Term of Office. Except for the Chairperson, the officers of the Authority shall be elected by the Board for terms of four (4) years commencing with the date of the annual meeting of the Board at which each such officer is elected. New offices may be created and filled at any meeting of the Board. Each officer shall hold office until his successor shall have been duly elected and shall have qualified.

5.03. Removal. All officers (other than the Chairperson) shall be subject to removal, with or without cause, at any time by a vote of a majority of the whole Board. The Chairperson shall serve for the term designated by the County Judge.

5.04. Vacancies. A vacancy in the office of any officer (other than the Chairperson) shall be filled by the Board.

5.05. Compensation. Officers may be entitled to receive such salary or compensation for personal services which are necessary and reasonable in carrying out the Authority's purpose, as the Board may from time to time determine, provided, that such compensation shall be reasonable for services rendered and shall not be excessive. A Director may not receive any salary, even if such Director serves as an officer.

5.06. Chairperson and President. The Chairperson shall be a member of the Board, shall serve as President, and shall preside at all meetings of the Board. The Chairperson shall be designated by the County Judge of the County. He or she shall have such duties as are assigned by the Board. The Chairperson may call special or emergency meetings of the Board.

The President shall be the principal executive officer of the Authority and, subject to the Board, he or she shall be in general charge of the properties and affairs of the Authority. In furtherance of the purposes of the Authority and subject to the limitations contained in the Articles of Incorporation, the Chairperson, or Vice

Chairperson, may sign and execute all bonds, notes, deeds, conveyances, franchises, assignments, mortgages, notes, contracts and other obligations in the name of the Authority.

5.07. Vice Chairperson and Vice President. The Vice Chairperson shall be a member of the Board and shall serve as Vice President. The Vice Chairperson shall perform the duties and exercise the powers of the Chairperson upon the Chairperson's death, absence, disability, or resignation, or upon the Chairperson's inability to perform the duties of his or her office. Any action taken by the Vice Chairperson in the performance of the duties of the Chairperson shall be conclusive evidence of the absence or inability to act of the Chairperson at the same time such action was taken.

A Vice President shall have such powers and duties as may be assigned to him or her by the Board or the President, including the performance of the duties of the President upon death, absence, disability, or resignation of the President, or upon the President's inability to perform the duties of his or her office. An action taken by the Vice President in the performance of the duties of the President shall be conclusive evidence of the absence or inability to act of the President at the time such action was taken.

5.08. Treasurer. The Treasurer shall have custody of all the funds and securities of the Authority which come into his or her hands. When necessary or proper, he or she may endorse, on behalf of the Authority, for collection, checks, notes and other obligations and shall deposit the same to the credit of the Authority in such bank or banks or depositories as shall be designated in the manner prescribed by the Board; he or she may sign all receipts and vouchers for payment made to the Authority, either alone or jointly with such other officer as is designated by the Board; whenever required by the Board, he or she shall render a statement of his or her case account; he or she shall enter or cause to be entered regularly in the books of the Authority to be kept by him or her for that purpose full and accurate accounts of all moneys received and paid out on account of the Authority; he or she shall perform all acts incident to the position of Treasurer subject to the control of the Board; and he or she shall, if required by the Board, give such bond for the faithful discharge of his or her duties in such form as the Board may require.

5.09. Secretary. The Secretary shall keep the minutes of the meetings of the Board in books provided for that purpose; he or she shall attend to the giving and serving of all notices; in furtherance of the purposes of the Authority and subject to the limitations contained in the Articles of Incorporation, he or she may sign with the President in the name of the Authority and/or attest the signatures thereof, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments of the Authority, he or she shall have charge of the Authority's books, records, documents, and instruments, except the books of

account and financial records and securities of which the Treasurer shall have custody and charge, and such other books and papers as the Board may direct, all of which shall at all reasonable times be open to the inspection of any Director upon application at the office of the Authority during business hours; and, he or she shall in general perform all duties incident to the office of Secretary subject to the control of the Board. The Board may designate an Assistant Secretary.

ARTICLE VI
CONTRACTS, CHECKS, DEPOSITS, AND FUNDS

6.01. Contracts. The Board may authorize any officer or officers, agent or agents of the Authority, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Authority. Such authority may be general or confined to specific instances. The Authority will comply with the procedures then applicable to the County relating to the selection and award of contractors and consultants to be engaged by the Authority.

6.02. Deposit. All funds of the Authority shall be deposited into a special fund designated the "Fort Bend Grand Parkway Toll Road Authority Fund" in the County Treasury, or its successor.

6.03. Disbursements. The Board shall notify the Commissioners Court and request its approval of proposed disbursements to be paid out of the Fort Bend Grand Parkway Toll Road Authority Fund. Funds may only be disbursed from the special fund upon approval of the Commissioners Court.

6.04. Gifts. The Board may accept on behalf of the Authority any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the Authority.

ARTICLE VII
COMMITTEES

7.01. Executive Committee. The Board may, by resolution passed by a majority of the Directors in office, designate three (3) or more Directors to constitute an Executive Committee, which committee, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board in the management of the Authority, except where action of the Board is specified by statute. The Executive Committee shall be subject to the same requirements for conducting meetings as the Board and to any further limitations imposed by resolution. The Executive Committee so designated shall keep regular minutes of the transactions of its meetings and shall cause such minutes to be recorded in

books kept for that purpose in the office of the Authority, and shall report the same to the Board from time to time.

7.02 Other Committees. The Board may also designate additional committees, which shall advise the Board with respect to such matters as the Board shall direct. Any such additional committee shall consist of two (2) or more persons, none of whom need to be Directors unless the Board shall so provide.

7.03. Non-Delegable Responsibility. The designation and appointment of any such committee and the delegation thereto of authority shall not operate to relieve the Board, or any individual Director, of any responsibility imposed on it or him by law.

7.04. Term of Office. Each member of a committee shall continue as provided in the resolution appointing same, unless the committee shall be sooner terminated, or unless such member be removed from such committee, or unless such member shall cease to qualify as a member thereof.

7.05. Chairman. One member of each committee shall be appointed chairman by the person or persons authorized to appoint members thereof.

7.06. Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

7.07. Quorum. Unless otherwise provided in the resolution of the Board designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

7.08. Rules. Each committee may adopt rules for its own government not inconsistent with these Bylaws or with rules adopted by the Board.

ARTICLE VIII
BOOKS AND RECORDS

The Authority shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Board, and shall keep at the registered or principal office a record giving the names and addresses of the members entitled to vote. All books and records of the Authority may be inspected by any member or his agent or attorney for the proper purpose at any reasonable time.

ARTICLE IX
INDEMNIFICATION OF DIRECTORS AND OFFICERS

9.01. Right to Indemnification. Subject to the limitations and conditions as provided in this Article IX and the Articles of Incorporation, each person who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative (hereinafter a "proceeding"), or any appeal in such a proceeding or any inquiry or investigation that could lead to such a proceeding, by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer of the Authority or, while a director or officer of the Authority, is or was serving at the request of the Authority as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise shall be indemnified by the Authority to the fullest extent permitted by the Texas Non-Profit Corporation Act, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Authority to provide broader indemnification rights than said law permitted the Authority to provide prior to such amendment) against judgments, penalties (including excise and similar taxes and punitive damages), fines, settlements and reasonable expenses (including, without limitation, attorneys' fees) actually incurred by such person in connection with such proceeding, and indemnification under this Article IX shall continue as to a person who has ceased to serve in the capacity which initially entitled such person to indemnity hereunder. The rights granted pursuant to this Article IX shall be deemed contract rights, and no amendment, modification or repeal of this Article IX shall have the effect of limiting or denying any such rights with respect to actions taken or proceedings arising prior to any such amendment, modification or repeal. It is expressly acknowledged that the indemnification provided in this Article IX could involve indemnification for negligence or under theories of strict liability.

9.02. Advance Payment. The right to indemnification conferred in this Article IX shall include the right to be paid or reimbursed by the Authority the reasonable expenses incurred by a person of the type entitled to be indemnified under Section 9.01 who was, is or is threatened to be made a named defendant or respondent in a proceeding in advance of the final disposition of the proceeding and without any determination as to the person's ultimate entitlement to indemnification; provided, however, that the payment of such expenses incurred by any such person in advance of the final disposition of a proceeding, shall be made only upon delivery to the Authority of a written affirmation by such director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification under this Article IX and a written undertaking, by or on behalf of such person, to repay all amounts so advanced if it

shall ultimately be determined that such indemnified person is not entitled to be indemnified under this Article IX or otherwise.

9.03. Indemnification of Employees and Agents. The Authority, by adoption of a resolution of the Board or by contract, may indemnify and advance expenses to an employee or agent of the Authority to the same extent and subject to the same conditions under which it may indemnify and advance expenses to Directors and officers under this Article IX; and the Authority may indemnify and advance expenses to persons who are not or were not Directors, officers, employees or agents of the Authority but who are or were serving at the request of the Authority as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise against any liability asserted against him or her and incurred by him or her in such a capacity or arising out of his status as such a person to the same extent that it may indemnify and advance expenses to Directors under this Article IX.

9.04. Appearance as a Witness. Notwithstanding any other provision of this Article IX, the Authority may pay or reimburse expenses incurred by a director or officer in connection with his or her appearance as a witness or other participation in a proceeding at a time when he or she is not a named defendant or respondent in the proceeding.

9.05. Nonexclusivity of Rights. The right to indemnification and the advancement and payment of expenses conferred in this Article IX shall not be exclusive of any other right which a director or officer or other person indemnified pursuant to Section 9.03 may have or hereafter acquire under any law (common or statutory), provision of the Articles of Incorporation of the Authority or these Bylaws, agreement, vote of shareholders or disinterested Directors or otherwise.

9.06. Insurance. The Authority may purchase and maintain insurance, at its expense, to protect itself and any person who is or was serving as a director, officer, employee or agent of the Authority or is or was serving at the request of the Authority as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, proprietorship, employee benefit plan, trust or other enterprise against any expense, liability or loss, whether or not the Authority would have the power to indemnify such person against such expense, liability or loss under this Article IX.

9.07. Notification. Any indemnification of or advance of expenses to a director or officer must be made in accordance with this Article IX and Art. 1396-2.22A of the Texas Non-profit Corporation Act and shall be reported in writing to

the members of the Board with or before the notice of the next regular meeting of the Board and, in any case, within the 12-month period immediately following the date of the indemnification or advance.

9.08. Savings Clause. If this Article IX or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Authority shall nevertheless indemnify and hold harmless each director, officer or any other person indemnified pursuant to this Article IX as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, to the full extent permitted by any applicable portion of this Article IX that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE X
CODE OF ETHICS

10.01. Policy and Purposes. It is the policy of the Authority that Directors and officers conduct themselves in a manner consistent with sound business and ethical practices; that the public interest always be considered in conducting corporate business; that the appearance of impropriety be avoided to ensure and maintain public confidence in the Authority; and that the Board establish policies to control and manage the affairs of the Authority fairly, impartially, and without discrimination.

This Code of Ethics has been adopted as part of the Authority's Bylaws for the following purposes: (a) to encourage high ethical standards in official conduct by Directors and corporate officers; and (b) to establish guidelines for such ethical standards of conduct.

10.02. Conflicts of Interest. Except as provided in subsection (c), a Director or officer is prohibited from participating in a vote, decision, or award of a contract involving a business entity or real property in which the Director or the officer has a substantial interest, if it is foreseeable that the business entity or real property will be economically benefited by the action. A person has a substantial interest in a business (i) if his or her ownership interest is ten percent or more of the voting stock or shares of the business entity or ownership of $15,000 or more of the fair market value of the business entity, or (ii) if the business entity provides more than ten percent of the person's gross income for the previous year. A person has a substantial interest in real property if the interest is an equitable or legal ownership with a fair market value of $2,500 or more. A Director is considered to have a substantial interest if a person related to the Director in the first degree by consanguinity or affinity, as determined under Chapter 573 of the Texas Government Code, has a substantial interest.

If a Director has a substantial interest as defined above, such Director shall file, before a vote or decision on any matter involving the business entity or the real property, an affidavit stating the nature and extent of the interest with the Secretary of the Board. Such Director must abstain from further participation in the matter if: (1) in the case of a substantial interest in a business entity the action on the matter will have a special economic effect on the business entity that is distinguishable from the effect on the public; or (2) in the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.

If a Director is required to file and does file an affidavit, the Director is not required to abstain from further participation in the matter requiring the affidavit if a majority of the members of the Board are likewise required to file and do file affidavits of similar interests on the same official action.

An employee of a public entity may serve on the Board.

10.03. Acceptance of Gifts. No Director or officer shall accept any benefit as consideration for any decision, opinion, recommendation, vote or other exercise of discretion in carrying out official acts for the Authority. No Director or officer shall solicit, accept, or agree to accept any benefit from a person known to be interested in or likely to become interested in any contract, purchase, payment, claim or transaction involving the exercise of the Director's or officer's discretion. As used here, "benefit" does not include:

(a) a fee prescribed by law to be received by a Director or officer or any other benefit to which the Director or officer is lawfully entitled or for which he gives legitimate consideration in a capacity other than as a Director or officer;

(b) a gift or other benefit conferred on account of kinship or a personal, professional, or business relationship independent of the official status of the Director or officer;

(c) an honorarium in consideration for legitimate services rendered above and beyond official duties and responsibilities if:

(1) not more than one honorarium is received from the same person in a calendar year;

(2) not more than one honorarium is received for the same service; and

(3) the value of the honorarium does not exceed $250 exclusive of reimbursement for travel, food, and lodging expenses incurred by the Director or officer in performance of the services;

(d) a benefit consisting of food, lodging, transportation, or entertainment accepted as a guest is reported as may be required by law.

10.04. Bribery. A Director or officer shall not intentionally or knowingly offer, confer or agree to confer on another, or solicit, accept, or agree to accept from one another:

(a) any benefit as consideration for the Director's or officer's decision, opinion, recommendation, vote, or other exercise of discretion as a Director or officer;

(b) any benefit as consideration for the Director's or officer's decision, opinion, recommendation, vote, or other exercise of official discretion in a judicial or administrative proceeding; or

(c) any benefit as consideration for a violation of a duty imposed by law on the Director or officer.

10.05. Nepotism. No Director or officer shall appoint, or vote for, or confirm the appointment to any office, position, clerkship, employment or duty, of any person related within the second degree by affinity (marriage relationship) or within the third degree of consanguinity (blood relationship) to the Director or officer so appointing, voting or confirming, or to any other Director or officer. This provision shall not prevent the appointment, voting for, or confirmation of any person who shall have been continuously employed in any such office, position, clerkship, employment or duty at least thirty (30) days prior to the appointment of the Director or officer so appointing or voting.

ARTICLE XI
MISCELLANEOUS

11.01. Amendments. These Bylaws may be altered or repealed only with the approval of the Commissioners Court of the County following the affirmative vote of a majority of the Board at any regular meeting of the Board or at any special meeting of the Board if notice of the proposed alteration or repeal be contained in the notice of such special meeting.

11.02. Waiver. Whenever, under the provisions of any law, the Articles of Incorporation or amendments thereto, or these Bylaws, any waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

11.03. Offices. The principal office of the Authority shall be located in Fort Bend County, Texas, unless and until changed by resolution of the Board. The Authority may also have offices at such other places as the Board may from time to time designate, or as the operations and activities of the Authority may require.

11.04. Resignations. Any Director or officer may resign at any time. Such resignations shall be made in writing and shall take effect at the time specified therein, or, if no time be specified, at the time of its receipt by the Chairperson or Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

11.05. Fiscal Year. The fiscal year of the Authority shall be the Fiscal Year of Fort Bend County, which is currently October 1 or as may be modified from time to time.

11.06. Seal. The Board may authorize a corporation seal. Such seal shall be in such form as shall be adopted and approved from time to time by the Board. Such seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

CERTIFICATE

I hereby certify the foregoing to be a true, complete, and correct copy of the Bylaws of the Fort Bend Grand Parkway Toll Road Authority, a Texas Non-Profit Corporation and a Texas Transportation Corporation, effective the date hereof.

IN WITNESS WHEREOF, I have hereto set my hand this the 16th day of June, 2010.

Asst. Secretary, Board of Directors of
Fort Bend Grand Parkway
Toll Road Authority

Approved by the Fort Bend County Commissioners Court on the 8th of June, 2010.

County Clerk

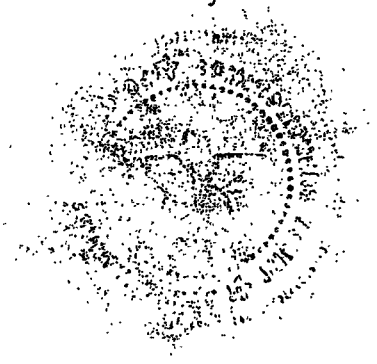


EXHIBIT C

Corporations Section
P.O.Box 13697
Austin. Texas 78711-3697

Hope Andrade
Secretary of State

Office of the Secretary of State

Certificate of Fact

The undersigned, as Secretary of State of Texas, does hereby certify that the document, Certificate of Formation for Fort Bend Grand Parkway Toll Road Authority (file number 801283708), a Domestic Nonprofit Corporation, was filed in this office on June 16, 2010.

It is further certified that the entity status in Texas is in existence.

In testimony whereof, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in Austin, Texas on July 24, 2012.

Hope Andrade
Secretary of State

EXHIBIT D

TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

July 29, 2012

CERTIFICATE OF ACCOUNT STATUS

THE STATE OF TEXAS
COUNTY OF TRAVIS

I, Susan Combs, Comptroller of Public Accounts of the State of Texas, DO HEREBY CERTIFY that according to the records of this office

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY

is exempt from payment of franchise tax and consequently is in good standing with this office.

GIVEN UNDER MY HAND AND
SEAL OF OFFICE in the City of
Austin, this 29th day of
July 2012 A.D.

Susan Combs
Texas Comptroller

Taxpayer number: 32042072796
File number: 0801283708

Form 05-303(Rev. 1-03/6)

GENERAL CERTIFICATE
OF FORT BEND COUNTY, TEXAS

THE STATE OF TEXAS §
COUNTY OF FORT BEND §

I, the undersigned, official of FORT BEND COUNTY, TEXAS (the "County") hereby make and execute this certificate for the benefit of all persons interested in the $155,085,000 Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012 (the "Bonds") dated August 1, 2012, now in the process of issuance by the Fort Bend Grand Parkway Toll Road Authority Fort Bend Grand Parkway Toll Road Authority (the "Authority"). I certify that:

1. The following named persons are the duly selected, or appointed, qualified and acting officers of the County:

Robert Hebert	County Judge
Richard Morrison	Commissioner - Precinct 1
Grady Prestage	Commissioner - Precinct 2
Andy Meyers	Commissioner - Precinct 3
James Patterson	Commissioner - Precinct 4
Ed Sturdivant	County Auditor
Jeff Council	County Treasurer
Roy Cordes, Jr.	County Attorney

2. The County is duly created, organized and existing as a body politic and corporate and political subdivision of the State of Texas under the Constitution and laws of the State of Texas (the "State"). The County is authorized (i) enter into the Joint Project Agreement; (ii) to pay the costs of issuance related thereto, and (iiii) to secure the Bonds in the manner contemplated by the Order.

3. The Authority was duly created by the Commissioners Court of Fort Bend County (the "Governing Body") of the County authorized to act on behalf of the County and the Articles of Incorporation and the Bylaws of the Issuer in effect on this date have not been amended since they were approved by the Commissioners Court of Fort Bend County on June 8, 2010.

4. Attached hereto as Exhibit A is a true and correct copy of the resolution of the Governing Body, dated June 24, 2012, specifically approving the issuance of the Bonds and the documents relating thereto in the amount and for the purpose set forth therein and such resolution has not been amended, annulled, rescinded or revoked and remains in full force and effect on the date hereof.

5. The order of the Governing Body, dated June 8, 2010, authorizing the creation of the Issuer has not been amended, annulled, rescinded or revoked and remains in full force and effect on the date hereof.

6. No litigation is pending or, to the best of my knowledge after reasonable investigation, threatened against the Governing Body or the Authority:

(i) to restrain or enjoin the issuance or delivery of the Bonds; or

(ii) in any way contesting (a) the right and power of the Governing Body or the Authority in connection with any action taken by it towards the creation of the Issuer or the issuance of the Bonds or (b) the titles of the current County Commissioners or officers of the Fort Bend County Commissioners Court to their respective offices; or

(iii) contesting the execution or delivery of the Joint Project Agreement.

7. The Governing Body of the County certifies that it has approved the issuance and delivery of the Bonds and that the County is not currently in default of in any material respect under the Agreement (as defined in the Resolution), as supplemented.

8. The County meets the requirements under Section 284.002 of the Transportation Code because it is adjacent to a county (Harris County) that has a population of two million or more.

(EXECUTION PAGE FOLLOWS)

WITNESS OUR HANDS AND THE OFFICIAL SEAL OF FORT BEND COUNTY, TEXAS, this 24th day of July, 2012.

County Judge
Fort Bend County, Texas

County Clerk
Fort Bend County, Texas

(CITY SEAL)

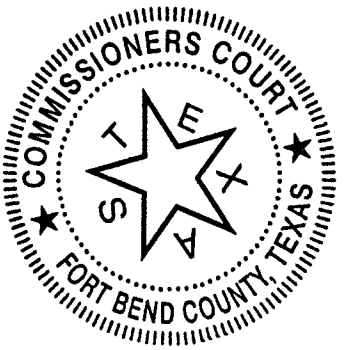


EXHIBIT A

(PLEASE SEE TAB NO. 8)

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY

July 24, 2012

The Honorable Stephanie V. Leibe
Chief, Public Finance Division
Office of The Attorney General of Texas
William P. Clements Building
300 West 15th Street, 7th Floor
Austin, Texas 78701

Comptroller of Public Accounts
Attention: Cash & Securities Management Division
Thomas Jefferson Rusk Building
208 East 10th Street, 4th Floor, Room 448
Austin, Texas 78701-2407

Re: Fort Bend Grand Parkway Toll Road Authority
$155,085,000 Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012

Ladies and Gentlemen:

TO THE ATTORNEY GENERAL

The above-referenced bonds will be sent to you for approval and we enclose **one executed but undated** Signature Identification and No-Litigation Certificate. Upon approval of the bonds, you are authorized and respectfully requested to insert the date in such certificate, **which date is to be the same as your approval date.** If any litigation should develop before you have approved such bonds, we will notify you at once by telephone and telefax. With this assurance, you can rely upon the absence of litigation at the time that you approve the bonds unless we advise you to the contrary.

After you have approved the bonds, please deliver them to the Comptroller of Public Accounts of the State of Texas for registration.

TO THE COMPTROLLER

Please forward the bonds by Federal Express to Greer Pagan, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

Very truly yours,

Chairman, Fort Bend Grand Parkway Toll Road Authority

Enclosure

395140

SIGNATURE IDENTIFICATION AND NO-LITIGATION CERTIFICATE

We, the undersigned officers of the Fort Bend Grand Parkway Toll Road Authority, certify that we officially signed, by facsimile signatures, on behalf of said Authority, the following described bonds, hereafter called the "Bonds", to wit:

> FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY LIMITED CONTRACT TAX AND SUBORDINATE LIEN TOLL ROAD REVENUE BONDS, SERIES 2012, dated August 1, 2012, in the principal amount of $155,085,000.

being on the date of such signing and on the date hereof the duly chosen, qualified and acting officers authorized to execute the Bonds, and holding the official titles set forth below opposite such signatures. We further certify that said facsimile signatures have been affixed to the Bonds with our full knowledge and consent, and we hereby respectively adopt the same as our own signatures.

We further certify that no litigation of any nature is now pending against the Authority or to our knowledge threatened against the Authority, either in the State or Federal courts contesting or attacking the Bonds or restraining or enjoining their issuance, execution or delivery, or restraining or enjoining the levy and/or collection and/or pledge of the funds from which the Bonds are payable, or in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds, execution or delivery of the Joint Project Agreement, or affecting the title of the present officials of the Authority to their offices, and that no proceedings or authority for the issuance, execution or delivery of the Bonds have been repealed, rescinded or revoked.

We further certify that we have caused the official seal of the Authority to be impressed or placed in facsimile upon each of said bonds and that said seal has been duly adopted as, and is hereby declared to be, the official seal of the Authority.

WITNESS OUR HANDS the 21st day of August, 2012.

SIGNATURES	TITLE OF OFFICE
Jim Condrey	Chairman, Board of Directors
Melody Hess	Assistant Secretary, Board of Directors

THE STATE OF TEXAS §
§
COUNTY OF FORT BEND §

Before me, on the 24th day of July, 2012, personally appeared the foregoing individuals, known to me to be the officers whose true and genuine signatures were subscribed to the foregoing instruments in my presence.

JUSTINE MARIE CHERNE
MY COMMISSION EXPIRES
August 15, 2012

Notary Public, State of Texas

(NOTARY SEAL)

JOINT PROJECT AGREEMENT

between

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY

and

FORT BEND COUNTY, TEXAS

Relating to

The Construction of the Grand Parkway, Segment D and

Fort Bend Grand Parkway Toll Road Authority's

$155,085,000 Limited Contract Tax and Subordinate Lien

Toll Road Revenue Bonds, Series 2012

Dated as of

July 24, 2012

JOINT PROJECT AGREEMENT

THIS JOINT PROJECT AGREEMENT (this "Agreement"), is made and entered into as of the 24th day of July, 2012, and between the following parties: **FORT BEND COUNTY, TEXAS**, a political subdivision of the State of Texas (the "County") and **FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY** (the "Authority"), a local government corporation created pursuant to Subchapter D of the Texas Transportation Corporation Act, TEX. TRANSP. CODE ANN. §431 et seq. (the "Act").

RECITALS:

A. The County Commissioners Court by Order dated June 8, 2010, created the Authority as a duly constituted Local Government Corporation pursuant to Subchapter D, Chapter 431, Texas Transportation Code, to act on behalf of the County in the performance of its essential governmental purposes to develop the Grand Parkway (aka State Highway 99).

B. The development of the Grand Parkway is subject to the Terms and Conditions effective September 29, 2008, and Market Valuation Waiver Agreement effective March 25, 2009 (collectively, the "Grand Parkway Agreements"). The Grand Parkway Agreements: i) establish the "Minimum Project Scope" and the "Ultimate Project Scope" of the Grand Parkway System within Fort Bend and other counties; ii) requires the Grand Parkway be developed separate from the County's existing toll road system; and iii) limits the use of toll revenues from the Grand Parkway to the development and maintenance of the Grand Parkway until the Ultimate Project Scope is complete.

C. The Authority desires to develop a portion of Segment D of the Grand Parkway from U.S. 59 to FM 1093 within the County (the "Project") for the benefit of the County, and perform all useful or necessary activities in connection therewith.

D. The Authority and the County desire to enter into this Agreement pursuant to which the Authority will issue bonds for the purpose of financing the acquisition and construction of the Project (as defined herein) and maintenance and operation of the Fort Bend Grand Parkway (as defined herein) and, to the extent that Net Revenues (as defined in the Indenture) are ever insufficient to pay the obligations of the Authority, the County will share in the cost of the Project by making periodic payments to the Authority as further set forth in this Agreement; and

E. Texas Government Code, Section 791.028(d) authorizes the County to levy, pursuant to Article 8, Section 9 of the Texas Constitution, and pledge a tax for the payment of its obligations under this Agreement; and

The Board of Directors of the Authority intends to authorize the issuance of the Fort Bend Grand Parkway Toll Road Authority Limited Contract Tax and Subordinate Lien Revenue Bonds, Series 2012 (the "Series 2012 Bonds") in the aggregate principal amount of $155,085,000 pursuant to that certain Limited Contract Tax and Subordinate Lien Revenue Bond Trust Indenture between the Authority and Wells Fargo Bank, Texas, N.A., as Trustee, dated July 1, 2012 (as the same may be amended and supplemented, the "Indenture"); and

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration and the mutual benefits, covenants and agreements set forth below, the Authority and the County agree as follows:

ARTICLE I
DEFINITIONS AND INTERPRETATIONS

Section 1.01. Definitions. The following words and terms shall have the meanings assigned to them below whenever they are used in this Agreement, unless the context clearly requires otherwise. Except where this Agreement requires otherwise, words imparting the singular number shall include the plural and vice versa.

"Agreement" means this Agreement, as it may be amended or supplemented from time to time.

"Authority Engineer" means the consulting engineers engaged by the Authority for the Project, currently Brown & Gay Engineers, Inc., and any successor engineering firm hired by the Authority for the Project.

"Authorized Officer" when used with respect to the County means the County Judge or any officer or employee of the County authorized to perform specific acts or duties by law or by resolution or order duly adopted by the Governing Body of the County, and when used with respect to Authority, means an officer, director, employee or agent of Authority duly authorized to perform specific acts or duties by resolution or order adopted by the Governing Body of Authority.

"Bond Resolution" means the resolution adopted by the Board of Directors of the Authority, authorizing the issuance of the Series 2012 Bonds.

"Commissioners Court" means the Commissioners Court of Fort Bend County, Texas.

"Completion Date" means the date of completion of the acquisition and construction of the Project, as certified pursuant to Section 2.08 hereof.

"Contract Documents" shall mean the construction contracts between Authority and its contractors and subcontractors as they may be amended or supplemented from

time to time, this Agreement, the Plans and Specifications and all addenda, modifications and amendments thereto, whether dated prior to or subsequent to the execution hereof.

"Costs of Issuance" means any and all costs incurred in connection with the authorization, issuance, sale and delivery of the Series 2012 Bonds, which shall include all of Authority's out-of-pocket expenses in connection with the authorization, issuance, sale and delivery of the Series 2012 Bonds including, but not limited to, all financing, legal, financial advisory, printing and other expenses and costs of Authority necessary to the issuance of the Series 2012 Bonds. All of such costs shall be reasonable and are subject to the approval of the Governing Body of the County and the Authority.

"County Cost Allocation" means an amount calculated annually equal to the debt service on the Series 2012 Bonds less the estimated amount of available Net Revenues to pay debt service on the Series 2012 Bonds, as calculated pursuant to Section 4.01.

"County Payment" means the amount actually paid to the Authority by the County, in any fiscal year.

"County Treasurer" means the County Treasurer of Fort Bend County, Texas.

"Fort Bend Grand Parkway" means that portion of the Grand Parkway System located in Fort Bend County.

"Governing Body" means the Fort Bend County Commissioners Court in the case of the County, or the Board of Directors in the case of the Authority; provided that both shall be collectively referred to herein as the "Parties."

"Grand Parkway System" means a planned system of controlled access toll lanes ranging from two to six lanes wide and 180 plus miles long traversing seven counties and encircling the Greater Houston Region.

"Market Waiver Agreement" means that certain "Market Valuation Waiver Agreement for SH 99 (Grand Parkway)" dated to be effective March 29, 2009 between the Texas Department of Transportation and the Counties of Brazoria, Chambers, Fort Bend, Harris, Liberty, Galveston and Montgomery.

"Plans and Specifications" means the plans and specifications for the Project, prepared by the Authority's Engineer, as the same may be revised from time to time prior to the Completion Date.

"Project" means the construction of the tolled overpasses on the Fort Bend Grand Parkway and the reconstruction of portions of the existing roadway from U.S. 59 to and including the intersection at FM1093/Westpark Tollway.

"Project Costs" means and includes all construction costs and reconstruction costs as those terms are generally understood in standard accounting practice as applied to toll roads of the nature of the Project and as defined in Texas Transportation Code Section 284.043.

"Reimbursement Amount" means an amount equal to the County Payment plus interest on each County Payment from its date of payment on the Series 2012 Bonds, calculated on the basis of a 360-day year of 30-day months, plus any Revenue Allocation Payment imposed by the County pursuant to Section 4.03.

"Revenue Allocation Payment" means an amount of the surplus project revenues calculated in accordance with generally accepted practices and criteria in the municipal bond market at the time of the sale of the Series 2012 Bonds, and subject to reasonable adjustment thereafter as may be determined by the Authority, to reasonably compensate the County for any and all savings in the Project Costs, Cost of Issuance and borrowing costs, as a result of the County's participation in the Project compared with those costs described above if the Authority had been solely responsible for the design, construction and financing of the Project, provided and only to the extent such payment is allowed by the Terms and Conditions and Market Waiver Agreement.

"Senior Indebtedness" means bonds or other obligations issued by the Authority that are secured by a lien on and pledge of Revenues (as defined in the Indenture) that is superior to the lien securing the Series 2012 Bonds.

"State" means the State of Texas.

"Tax Fund" means the fund so designated and established under the Indenture.

"Terms and Conditions" means that certain agreement entitled "SH99 Grand Parkway Toll Project Market Valuation Terms and Conditions" dated September 29, 2008 as approved by the Texas Department of Transportation, the Houston Galveston Area Council, the Counties of Brazoria, Chambers, Fort Bend, Harris, Liberty, Galveston and Montgomery.

Section 1.02 Interpretations. The article and section headings of this Agreement are for reference purposes only and shall not affect its interpretation in any respect.

ARTICLE II
THE PROJECT

Section 2.01. Construction of the Project. The Authority shall design, construct, finance, operate, and maintain the Project and shall perform and supply or cause to be performed and supplied in a good and workmanlike manner all labor, services and work necessary for the acquisition, engineering, supervision, construction, completion,

inspection, management and administration of the Project. The Authority agrees to furnish efficient business administration and supervision of such work and to use its best efforts at all times to furnish an adequate supply of engineers, architects, contractors, subcontractors, workmen and materials to perform such work in the best and soundest way possible and in an expeditious and economical manner.

Section 2.02. Bids and Construction Contracts. The Authority will advertise for competitive bids for the construction work involved in the Project in accordance with the laws applicable to the County. All bids and construction contracts relating to the Project shall be reviewed, approved, and awarded by the Parties and the contracts awarded to the responsible bidder which submits the lowest and best bid, unless otherwise agreed to by the Parties. All contracts shall be in the name of the Authority. The Authority shall insure that all such contracts contain legally sufficient bid bonds and payment and performance bonds, and that the contractor obtains adequate insurance for the Project and satisfies all of the legal requirements for public work awarded by a political subdivision of the State. The contracts shall provide the Governing Body of the County with the right to pursue the Authority's rights and remedies against the contractor in the event the Authority fails to timely pursue such remedies within 30 days of receipt of notice with respect thereto by the County. The Authority will assure that all necessary permits are obtained.

Section 2.03. Liens. In causing the Project to be acquired, constructed and improved, the Authority will not voluntarily create or permit to remain uncontested any lien, encumbrance or charge upon the Project or any interest therein.

Section 2.04. Completion of the Project. The Authority shall use its best efforts to complete the Project by January 1, 2014, with exception only for delays beyond the reasonable control of the Authority. However, if for any reason such acquisition, construction and installation shall not be completed by such date, the Authority shall not be liable to the County for any damages caused by the delay, but the Authority shall thereafter proceed with all due diligence to cause the Project to be completed as soon as practicable. There shall be no diminution in or postponement of the payment of the installments of the County Cost Allocation by the County to the Authority or any other amount required to be paid by the County under this Agreement because of any delay in the completion of the Project. When such portion of the Project has been completed, the Authority shall promptly deliver to the County, a certificate signed by an Authorized Officer of the Authority, stating that, as of a specified date, the Project has been completed.

Section 2.05. Title to the Project. Legal title to and exclusive possession and use of the Project as acquired or constructed and to all materials delivered to the Authority which are intended to become a part of the Project shall vest in the Authority immediately upon acquisition or construction of the Project or delivery of such materials.

Section 2.06. Status Reports. The Authority will prepare a budget for the construction of the Project and supply such budget and all amendments thereto to the County. The Authority will supply the County with a monthly status report on the construction of the Project. The County Treasurer will prepare and submit to the Authority on a monthly basis a statement of the amounts on deposit in the Authority's Project Fund and a report on the expenditure of funds in accordance with the budget.

Section 2.07. Maintenance and Operation of the Project. Prior to the conveyance of the Project to the County pursuant to Section 2.09, the Authority will operate, maintain, preserve and keep the Project or cause the Project to be maintained, in accordance with the Grand Parkway Agreements.

Section 2.08. Compliance with Laws and Obligations. The Authority shall promptly comply or cause compliance with all laws, ordinances, orders, rules, regulations and requirements (contractual or otherwise) which may be applicable to the Project.

Section 2.09. Conveyance of the Project. The Authority shall transfer all of its rights, title and interest in the Project to the County when such transfer is permitted under the Terms and Conditions, Market Waiver Agreement, and the laws of the State of Texas as may be amended from time to time. On the date of conveyance, 1) the Authority shall assign to the County its right to all warranties and guarantees which may have been made by any seller, contractor, subcontractor, materialman, supplier, engineer or architect as to the Project, and 2) the County shall assume all obligations of the Authority, including, but not limited to, the obligation to pay the Series 2012 Bonds and any other outstanding indebtedness, payable from Revenues (as defined in the Indenture).

ARTICLE III
PROJECT FINANCING AND COST SHARING

Section 3.01. Issuance of the Series 2012 Bonds. The Authority agrees that concurrently with or immediately following the delivery of this Agreement, it will use its best efforts to sell and deliver the Series 2012 Bonds in the aggregate principal amount sufficient to pay the Project Costs and the Costs of Issuance relating thereto, and to take all actions and execute all agreements necessary thereto. The issuance of the Series 2012 Bonds shall be a condition precedent to the effectiveness and enforceability of this Agreement.

Section 3.02. Project Funds; Designation of County as Agent of Authority. The Authority hereby designates the County as its agent for the purpose of administering, managing and investing all funds established under the Indenture, paying bills, issuing checks, and complying with all covenants, reporting requirements and ongoing compliance requirements relating to the Series 2012 Bonds. The County shall pay all

amounts from these funds as and when approved and requested by the Authority. Any such request shall state: (i) the purchase order number; (ii) the name of the person or entity to whom each such payment is due; (iii) the amount to be paid; (iv) the purpose by general classification for which each obligation to be paid was incurred; (v) that obligations in the stated amounts have been uncured and are presently due and payable and have not been paid or that such items have been previously paid and reimbursement for such payment is sought and that each item thereof is a proper charge against the Construction Fund; and (vi) that the payment of such obligations is in conformance with the restrictions on the use of proceeds set forth in this Agreement.

The County shall approve, process and pay all such requisitions and pay all Project Costs and Costs of Issuance from these funds in accordance with the procedures set forth in the Indenture and as currently applicable to the payment of County similar construction projects.

Section 3.03. Disposition of Series 2012 Bond Proceeds. Upon the receipt of the proceeds of the sale of the Series 2012 Bonds, such proceeds shall be deposited in the Funds as designated in the Indenture. The Authority shall apply the moneys in such Funds for the following purposes and in order specified: (a) payment of capitalized interest; (b) payment of Costs of Issuance; (c) payment of Project Costs. If any funds remain in the Construction Fund after the completion of the Project, the Authority may apply those funds for other Costs of the Fort Bend Grand Parkway.

Section 3.04. Investment of Funds. The County shall invest and reinvest the moneys in the Authority's Fund in securities that are eligible for investment by the County. The Governing Bodies of the Authority and the County shall review all such investments. All funds shall be secured in the manner required for County funds. All funds shall be audited annually by an independent certified public accountant and will be subject to audit by the County Auditor. The County shall deliver such audit to the Authority upon completion and in a timely manner to allow the Authority to file such audit as required by law.

ARTICLE IV
COUNTY'S PARTICIPATION IN THE PROJECT; AUTHORITY'S OBLIGATION TO REIMBURSE

Section 4.01. County's Cost Allocation and Obligation to Pay. The County shall annually, on February 1, 2016 and each February 1 thereafter, make payments of the County Cost Allocation to the Authority until no Series 2012 Bonds (or refunding Bonds thereof) are outstanding. In order to provide for the payment of the County Cost Allocation by an order of the Governing Body of the County adopted contemporaneously with this Agreement, the County has, consistent with Article VIII, Section 9 and Article XI, Section 7 of the Texas Constitution, levied and pledged its taxes to, and agrees to annually assess and collect and pay therefrom, an amount equal

to the County Cost Allocation as it becomes due and payable into the Authority's Tax Fund.

While any Series 2012 Bonds remain outstanding, the County agrees that it shall levy, assess and collect an ad valorem tax each year at a rate from year to year as will be sufficient to provide, together with other moneys, budgeted and appropriated available therefore, including available Net Revenues and amounts available from Bond proceeds) funds to pay the interest on the Series 2012 Bonds (or Subordinate Lien Bonds) and to create and provide a sinking fund to pay the principal when due or of not less than 2% of the principal amount of the Series 2012 Bonds (or Subordinate Lien Bonds), within the limits prescribed by law, full allowance being made for delinquencies and costs of collection, and the County shall deposit such taxes into the Authority's Tax Account to be applied to the payment of the principal and Redemption Price of and interest on the Bonds, as follows:

(a) On or before July 1st of each year, the Authority shall report to the County its current fund balances as well as a budget reflecting the anticipated Net Revenues of the project for the upcoming fiscal year.

(b) On or before September 1st in each year or as soon after that time as practicable, the Commissioners Court shall consider the taxable property in the County and determine the actual rate per $100 valuation of taxable property which is to be levied in that year for the payment of the principal due and Redemption Price of and interest on the Subordinate Lien Bonds and levy and tax against all taxable property in the County.

(c) In determining the actual rate to be assessed in each year, the Commissioners Court shall consider among other things:

(1) the amount which should be levied for the payment of the principal and Redemption Price of and interest on the Bonds; and

(2) the percentage of anticipated tax collections and the cost of collecting the taxes.

(d) In determining the rate at which taxes should be levied each year, the Commissioners Court may consider whether proceeds from the sale of Bonds have been placed in the Subordinate Lien Debt Service Fund to pay interest on the Bonds and whether the Commissioners Court reasonably expects to have Net Revenues or other moneys available from other sources which are available to pay the principal or Redemption Price of or interest on the Bonds. Under the terms of this Joint Project Agreement, if the Commissioners Court reasonably determines that there are adequate moneys from such Net Revenue or other sources budgeted and appropriated to pay

principal of and Redemption Price of and interest on the Bonds, the Commissioners Court may elect not to assess a tax for that year.

Section 4.02. Nature of Obligation of County. The obligations of the County as provided in this Agreement shall be absolute and unconditional, irrespective of any rights of set-off, recoupment or counterclaim the County may otherwise have against the Authority or any other person or entity, and the County will not, for any reason, suspend or discontinue any such payment. The occurrence of a casualty or condemnation of the Project or any portion thereof shall not entitle the County to any abatement, postponement or reduction in amounts payable under this Agreement, and the County hereby waives, to the extent permitted by law, the benefits and provisions of all laws and rights which, by reason of such casualty or condemnation, might relieve the County from any such obligation.

Section 4.03. Authority's Obligation to Reimburse the County. The Authority will pay the County the Reimbursement Amount from time to time when and if sufficient funds are available, as follows:

(a) The County may require a Revenue Allocation Payment in consideration for the County's participation in the Project. Provided, however, that the County must first certify that such payment does not violate any legal or contractual obligation of the County.

(b) The Authority will make all payments, deposits and transfers required by the Indenture executed and delivered in connection with the Series 2012 Bonds or any other Indenture or obligation entered into in connection with the Project and required to operate and maintain the Project.

(c) The Authority will transfer to a separate fund called the "County Reimbursement Fund" all revenues of the Project remaining after making the payments described above.

(d) On the last business day of the Fiscal Year, the Authority will pay the County all amounts in the County Reimbursement Fund, if and only if, the Net Revenues of the Project exceed the Debt Service Requirements on all Subordinate Lien debt for the prior two Fiscal Years.

(e) The Authority will calculate the availability of and make such payments annually until the Reimbursement Obligation has been paid in full.

ARTICLE V
GENERAL

Section 5.01. Third Party Beneficiaries. This Agreement is entered into in part to induce the purchase of the Series 2012 Bonds, and accordingly, so long as any Series 2012 Bonds are outstanding, all respective covenants and agreements of the parties herein contained are hereby declared to be for the benefit of any and all bondholders and may be enforced by or on behalf of the bondholders. This Agreement shall not be deemed to create any right of subrogation or otherwise in any person who is not a party hereto (other than the permitted successors and assigns of a party) and shall not be construed in any respect to be a contract in whole or in part for the benefit of any third party (other then the permitted successors or assigns of a party hereto), except in each case the bondholders.

Section 5.02. Continuing Disclosure Undertaking. As used in this Section, the following terms have the meanings ascribed to such terms below:

"MSRB" means the Municipal Securities Rulemaking Board.

"Rule" means SEC Rule 15c2-12, as amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

(a) The County agrees to provide certain updated financial information and operating data to the MSRB annually in an electronic format as prescribed by the MSRB and available via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org. The information to be updated includes (i) all quantitative financial information and operating data with respect to the County included in the annual financial statements attached as APPENDIX C of the Official Statement and (ii) information of the general type included in the Official Statement under Tables numbered 1 through 7 and 9 through 14 as well as the headings "COUNTY TAX INFORMATION," "COUNTY DEBT INFORMATION," "COUNTY FINANCIAL INFORMATION". The County shall update such information within six months after the end of each fiscal year. Any financial statements so to be provided shall be audited, if the County commissions an audit of such statements and the audit is completed within the period during which they must be provided. If audited financial statements are not so provided, then the County shall provide unaudited financial statements for the applicable fiscal year by the required time, and audited financial statements when and if audited financial statements become available.

If the County changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the County otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to documents (i) available to the public on the MSRB's internet web site or (ii) filed with the SEC. All filings shall be made electronically, in the format specified by the MSRB.

(b) The County shall notify the MSRB in an electronic format prescribed by the MSRB, in a timely manner (not in excess of ten (10) days after the occurrence of the event), of any of the following events with respect to the Series 2012 Bonds:

(i) Principal and interest payment delinquencies;
(ii) Non-payment related defaults, if material;
(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
(v) Substitution of credit or liquidity providers or their failure to perform;
(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2012 Bonds, or other material events affecting the tax status of the Series 2012 Bonds;
(vii) Modifications to rights of holders of the Series 2012 Bonds, if material;
(viii) Certificate calls, if material, and tender offers;
(ix) Defeasances;
(x) Release, substitution, or sale of property securing repayment of the Series 2012 Bonds, if material;
(xi) Rating changes;
(xii) Bankruptcy, insolvency, receivership or similar event of the County;
(xiii) The consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The County shall notify the MSRB in an electronic format prescribed by the MSRB, in a timely manner, of any failure by the County to provide financial information or operating data in accordance with this Section by the time required by such Section.

All documents provided to the MSRB shall be accompanied by identifying information, as prescribed by the MSRB.

(c) The County shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the County remains an "obligated person" with respect to the Series 2012 Bonds within the meaning of the Rule, except that the County in any event will give the notice required by this Section of any Certificate calls and defeasance that cause the County to be no longer such an "obligated person."

The provisions of this Section are for the sole benefit of the Registered Owners and beneficial owners of the Series 2012 Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The County undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the County's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The County does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Certificates at any future date.

UNDER NO CIRCUMSTANCES SHALL THE COUNTY BE LIABLE TO THE REGISTERED OWNER OR BENEFICIAL OWNER OF ANY CERTIFICATE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE COUNTY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the County in observing or performing its obligations under this Section shall constitute a breach of or default under the Bond Order for purposes of any other provision of this Order.

Nothing in this Section is intended to or shall act to disclaim, waive, or otherwise limit the duties of the County under federal and state securities laws.

(d) The provisions of this Section may be amended by the County from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the County, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell the Series 2012 Bonds in the primary offering of the Series 2012 Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of the Bond Order that authorizes such an amendment) of the outstanding Series 2012 Bonds consent to such amendment or (b) a person that is unaffiliated with the County (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the registered owners and beneficial owners of the Series 2012 Bonds. If the County so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided. The County may also amend or repeal the provisions of this Section if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the County also may amend the provisions of this Section in its discretion in any other manner or circumstance, but in any case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Series 2012 Bonds, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule.

Section 5.03. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

Section 5.04. Amendments. This Agreement may be modified or amended only upon the mutual written agreement of the Parties.

Section 5.05. Severability. In the event that any clause or provision of this Agreement shall be held to be invalid by any court of competent jurisdiction, the invalidity of such clause or provision shall not affect any of the remaining provisions of this Agreement.

Section 5.06. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas. Venue shall be in Fort Bend County, Texas.

Section 5.07. Corporate Obligation. It is acknowledged by all parties hereto that this Agreement is solely a corporate obligation of the Parties which under no circumstances can result in liability to the officers, directors, members of the Parties.

Section 5.08. Term of Agreement. This Agreement shall remain in full force and effect from the date of execution and delivery hereof until the Series 2012 Bonds have been redeemed or are otherwise not outstanding.

Section 5.09. Assignment. The County may not transfer or assign this Agreement or transfer or assign any of or all of its rights or delegate any or all of its duties. The Authority may transfer this Agreement only to the trustee for the Series 2012 Bonds under the Indenture.

Section 5.10. Addresses and Notices. Any notice, communication or request (collectively, "notice") herein provided or permitted to be given, made or accepted by any party to the other must be in writing and may be given by depositing the same in the United States Mail, postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same to an Authorized Representative of such party. Notice deposited in the mail in the manner hereinabove described shall be conclusively deemed to be effective, from and after the expiration of three (3) days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be notified. For the purposes of notice, the addresses and numbers of the parties shall be shown below; provided, however, that the parties shall have the right to change their addresses and each shall have the right to specify as its address any other address in Texas upon ten (10) days' written notice to the other parties.

If to the County:

Fort Bend County, Texas
301 Jackson, Suite 719
Richmond, Texas 77649
Attention: County Judge
Telecopy: 281-341-8609

If to Authority:

Fort Bend Grand Parkway Toll Road Authority
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, Texas 77027
Attention: Rich Muller
Telecopy: 713-860-6615

Section 5.11. Entire Agreement. This Agreement constitutes the entire agreement between the parties and all prior written or oral agreements are merged herein.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

FORT BEND COUNTY, TEXAS

By: _____
Robert Hebert, County Judge

COMMISSIONERS COURT
STATE OF TEXAS
FORT BEND COUNTY, TEXAS

ATTEST:

_____
County Clerk

FORT BEND GRAND PARKWAY
TOLL ROAD AUTHORITY

By: _____
Chairman, Board of Directors

ATTEST:

_____
Assistant Secretary

CLOSING MEMORANDUM

relating to

$155,085,000
Fort Bend Grand Parkway Toll Road Authority
Limited Contract Tax and Subordinate Lien
Toll Road Revenue Bonds, Series 2012

Closing: Wednesday, August 22, 2012 at 10:00 A.M. Houston Time



DISTRIBUTION LIST

Fort Bend Grand Parkway Toll Road Authority
Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012

	Phone	Fax	E-mail
ISSUER			
Fort Bend Grand Parkway Toll Road Authority c/o Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, TX 77027			
COUNTY			
Fort Bend County 301 Jackson Street Richmond, TX 77469			
The Honorable Robert Hebert	281-341-8608	281-341-8609	werleann@co.fort-bend.tx.us
Mr. Robert Ed Sturdivant	281-341-3769	281-341-3744	ed.sturdivant@co.fort-bend.tx.us
Ms. Joyce Wendel	281-344-3951		wendejoy@co.fort-bend.tx.us
Fort Bend County 309 S. Fourth Street Richmond, TX 77469			
Ms. Pamela Gubbels	281-344-3938		gubbepam@co.fort-bend.tx.us
Mr. Jeff Council	281-341-3750	281-341-3765	councjef@co.fort-bend.tx.us
CONSULTANT			
WJ Interests, LLC 2333 Town Center Drive, Suite 100 Sugar Land, Texas 77478-4383			
Mr. Bill Jameson	281-634-9400	281-634-9406	billj@wjinterests.com
BOND COUNSEL			
Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, TX 77027			
Mr. Joe B. Allen	713-860-6402	713-860-6694	jallen@abhr.com
Mr. Rich Muller	713-860-6415	713-860-6615	rmuller@abhr.com
Mr. Greer Pagan	713-860-6417	713-860-6617	gpagan@abhr.com
Ms. Alia Vinson	713-860-6449	713-860-6649	avinson@abhr.com
Ms. Tina Kyle	713-860-6455	713-860-6655	tkyle@abhr.com
Ms. Shannon Lucas	713-860-6428	713-860-6628	slucas@abhr.com
UNDERWRITERS' COUNSEL			
Andrews Kurth LLP 600 Travis, Suite 4200 Houston, TX 77002			
Mr. James Hernandez	713-220-3942	713-238-7148	jhernandez@andrewskurth.com
Mr. Tom Sage	713-220-3833	713-238-5040	tomsage@andrewskurth.com
Ms. Nathelie Ashby	713-220-3880	713-238-5041	nathelieashby@andrewskurth.com
Ms. Ellen Schultz	713-220-3822	713-238-7307	ellenschultz@andrewskurth.com

	Phone	Fax	E-mail
TRUSTEE			
Wells Fargo Bank			
750 N. Saint Paul Place, Suite 1750			
MAC: T9263-170			
Dallas, TX 75201			
Ms. Kristel Richards	214-756-7417	214-756-7401	kristel.d.richards@wellsfargo.com
Ms. Denise Smith	214-756-7413	214-756-7401	denise.r.smith@wellsfargo.com
BOOKKEEPER			
AVANTA Accounting Services			
5635 NW Central Drive, Suite 104E			
Houston, Texas 77092			
Ms. Pamela Logsdon	713-934-9107	713-934-9443	pmlogsdon@sbcglobal.net
FINANCIAL ADVISOR			
First Southwest Company			
700 Milam Street, Suite 500			
Houston, TX 77002			
Mr. Cliff Kavanaugh	713-654-8661	713-651-9361	cliff.kavanaugh@firstsw.com
Mr. Michael Bartolotta	713-654-8641	713-651-9361	michael.bartolotta@firstsw.com
Mr. Trey Cash	713-654-8651	713-651-9361	trey.cash@firstsw.com
Ms. Francine Stefan	713-654-8622	713-654-8658	francine.stefan@firstsw.com
UNDERWRITERS			
Bank of America Merrill Lynch			
1221 McKinney St., Suite 3850			
Houston, TX 77010			
Mr. Steve Claiborn	713-658-1252	713-893-4620	stephen.claiborn@baml.com
Mr. Dalton Smith	713-658-1269	713-574-2628	a.dalton.smith@baml.com
Mr. Brenden Marquardt	713-658-1254	281-466-4456	brenden.marquardt@baml.com
Mr. Frank Torillo	646-743-1433		frank.torillo@baml.com

FirstSouthwest
A PlainsCapital Company

700 Milam Street
Suite 500
Houston, TX 77002

713.654.8622 Direct
800.922.9850 Toll Free
713.654.8658 Fax

Francine Stefan
Vice President

francine.stefan@firstsw.com

August 17, 2012

Mr. Steve Claiborn
Bank of America Merrill Lynch
1221 McKinney St., Suite 3850
Houston, TX 77010

Re: Fort Bend Grand Parkway Toll Road Authority
$155,085,000 Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012

Dear Steve:

Delivery of the above referenced bonds is scheduled for **Wednesday, August 22, 2012, at 10:00 A.M. Houston Time.** For the purchase of the Bonds, funds in the total amount of $172,916,719.55 should be wired or otherwise transferred for immediate credit as follows:

Wire #1: Prosperity Bank ABA No: 113122655 Account Name: Grand Parkway Toll Road Revenue Bonds 2012 Account Number: 07941711	$151,250,665.00
Wire #2: Wells Fargo Bank, NA ABA No: 121 000 248 Credit: Corporate Trust Clearing Cdt Acct: 0001038377 FFC: 48095910 FBGPTRA Subordinate Lien Debt Service Fund Attn: Kristel Richards 214-756-7417	21,666,054.55
TOTAL FUNDS TO BE WIRED	**$172,916,719.55**

The amount of funds to be wired has been determined as follows:

Par Amount of the Bonds	$155,085,000.00
Less: Net Original Issue Premium	18,745,356.05
Less: Underwriter's Discount	(913,636.50)
TOTAL AMOUNT DUE	$172,916,719.55

If you have any questions about this procedure, please don't hesitate to contact me.

Sincerely,

Francine Stefan

Francine Stefan

cc: Distribution List

FirstSouthwest
A PlainsCapital Company

700 Milam Street
Suite 500
Houston, TX 77002

713.654.8622 Direct
800.922.9850 Toll Free
713.654.8658 Fax

Francine Stefan
Vice President

francine.stefan@firstsw.com

August 17, 2012

Ms. Pamela Logsdon
AVANTA Accounting Services
5635 NW Central Drive, Suite 104E
Houston, Texas 77092

Re: Fort Bend Grand Parkway Toll Road Authority
$155,085,000 Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012

Dear Pamela:

Delivery of the above referenced bonds is scheduled for **Wednesday, August 22, 2012, at 10:00 A.M. Houston Time**, and will be conducted by telephone. On that date, funds will be credited to the following accounts:

Deposit to Construction Fund	$151,250,665.00
Deposit to Debt Service Fund	21,666,054.55
TOTAL FUNDS TO BE RECEIVED	**$172,916,719.55**

If you have any questions about this procedure, please don't hesitate to contact me.

Sincerely,

Francine Stefan

Francine Stefan

cc: Distribution List

LETTER OF INSTRUCTIONS REGARDING
AUTHENTICATION AND DELIVERY OF
BONDS

TO: Wells Fargo Bank, National Association, as Trustee
Houston, Texas

RE: $155,085,000 Fort Bend Grand Parkway Toll Road Authority Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012 (the "Series 2012 Bonds")

Ladies and Gentlemen:

The captioned Bonds are now in the process of issuance pursuant to a bond resolution dated as of July 24, 2012 (the "Resolution") of the Board of Directors of the Fort Bend Grand Parkway Toll Road Authority (the "Issuer") and an Indenture of Trust, between the Issuer and you, as Trustee (the "Indenture"). Capitalized terms used herein shall have the respective meanings assigned in the Indenture. The Issuer has heretofore caused to be delivered to you, as Trustee, the Initial Bond in the form of one fully registered Series 2012 Bond payable to Cede & Co. (the "Purchaser"), and registered by the Comptroller of Public Accounts of the State of Texas (the "Initial Bond"). You are hereby directed and authorized as follows:

(1) Upon receipt by you of payment for the account of the Issuer of the initial purchase price of the Bonds in the amount of $172,916,719.55 (representing the principal amount of the Series 2012 Bonds, plus premium in the amount of $18,745,356.05, less an underwriting discount of $913,636.50), to receive the Initial Bond in the total principal amount of $155,085,000;

(2) To deliver the Series 2012 Bonds to the order of Loop Capital Markets, LLC, as representative of the syndicate of Underwriters, the purchasers, thereof; and

(3) To deposit the proceeds from the sale of the Series 2012 Bonds in the amount set forth in paragraph (1) above provided in the closing memorandum prepared by the Issuer's Financial Advisor.

DATED this 22nd day of August, 2012.

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY

By: _____

Name: _____

Title: _____

Certificate As To Authorized Signatures

Re: Fort Bend Grand Parkway Toll Road Authority Limited Contact Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012

The specimen signatures shown below are the specimen signatures of the individuals authorized to initiate and approve transactions of all types for the above mentioned bond issues:

Jim Condrey, Chairman
Name and Title

Signature

Charles Rencher, Secretary
Name and Title

Signature

Name and Title

Signature

Dated:

TRUSTEE'S CERTIFICATE AS TO
RECEIPT OF DOCUMENTS AND FUNDS

RE: $155,085,000 Fort Bend Grand Parkway Toll Road Authority Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012 (the "Bonds")

The undersigned, a duly elected and acting officer of Wells Fargo Bank, National Association, as trustee (the "Trustee"), does hereby certify that:

1. I am the duly chosen, qualified and acting officer of the Trustee for the office shown beneath my signature and I am duly authorized to execute and deliver this certificate. Capitalized terms used herein and not defined have the meanings ascribed to such terms in that certain Indenture of Trust, as amended and supplemented, (the "Indenture"), between the Trustee and Fort Bend Grand Parkway Toll Road Authority (the "Issuer") relating to the captioned Bonds.

2. The documents, opinions and other items required to be received by the Trustee as conditions precedent to the delivery of the Bonds have been received by the Trustee.

3. In accordance with a Letter of Instructions dated the date hereof, the Trustee has:

(a) upon receipt of the proceeds from the sale of the Bonds, (i) canceled the initially issued Bonds and (ii) registered, authenticated and delivered the exchange Bonds to or at the direction of the underwriters thereof, and

(b) deposited the proceeds received from the sale of the Bonds into the Subordinate Lien Debt Service Fund, and the Grand Parkway System Improvement Fund in accordance with the Resolution.

4. The person signing the certificate of authentication on the exchange Bonds is an Officer who is duly authorized to do so.

IN WITNESS WHEREOF, I have hereunto set my hand as of this 22nd day of August, 2012.

WELLS FARGO BANK, NATIONAL ASSOCIATION
As Trustee

By: Kristel D. Richards

Name: KRISTEL D. RICHARDS

Title: Vice President

406920

RECEIPT AND NO-LITIGATION CERTIFICATE

THE STATE OF TEXAS	§
	§
COUNTY OF FORT BEND	§

We, the undersigned officers of Fort Bend Grand Parkway Toll Road Authority (the "Authority"), do hereby certify, as of the date set forth below, the following:

1. On August 22, 2012, we delivered, or caused to be delivered, to the purchaser thereof the following bonds (the "Bonds"):

> FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY LIMITED CONTRACT TAX AND SUBORDINATE LIEN TOLL ROAD REVENUE BONDS, SERIES 2012, dated August 1, 2012, in the principal amount of $155,085,000

2. At the time of such delivery, the Authority received from the Underwriter full payment for the Bonds in keeping with the ordinance authorizing the issuance and awarding the sale thereof.

3. At the time of delivery of the Bonds, (a) no litigation of any nature has been filed or is now pending which contests or attacks the validity of the Bonds, which would restrain or enjoin the issuance or delivery of the Bonds; which would restrain or enjoin the collection or pledge of funds from which the Bonds are payable or would in any other manner affect the provision made for their payment or security; or which in any manner questions the proceedings or authority concerning the issuance of the Bonds; and so far as we know and believe no such litigation is threatened; (b) neither the corporate existence nor the boundaries of the Authority are being contested; no litigation has been filed or is now pending which would affect the authority of the officers of the Authority to issue, execute and deliver the Bonds or would affect the title of the undersigned to their respective offices; and no authority or proceedings for the issuance, execution or delivery of the Bonds have been repealed, rescinded or revoked; and (c) no additional bonds, warrants or other indebtedness payable from the same source as the Bonds have been issued since the date of the General Certificate submitted to the Attorney General of Texas in connection with the approval of the Bonds.

SIGNED as of, and delivered on, the date of delivery of the Bonds set forth above.

Chairman

Secretary

CLOSING CERTIFICATE

THE STATE OF TEXAS §
§
COUNTY OF FORT BEND §

We, the undersigned, Chairman and Secretary, respectively, of Fort Bend Grand Parkway Toll Road Authority (the "Issuer"), acting in our official capacity as such, hereby certify with respect to the Authority's $155,085,000 Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012 (the "Bonds"), as follows:

(i) the representations and warranties of the Issuer contained herein or in any certificate or document delivered by the Issuer pursuant to the provisions hereof are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing, August 22, 2012;

(ii) except to the extent disclosed in the Official Statement, no litigation, action, suit or proceeding or tax challenge against it is pending or, to our knowledge, threatened in any court or administrative body, nor is there a basis for litigation which would (a) contest the right of the officials of the Issuer to hold and exercise our respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the Bonds or the Issuer Documents or (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and collecting taxes and revenues and other income or levying and collecting the taxes and revenues pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof;

(iii) the official actions of the Issuer authorizing the execution, delivery and/or performance of the Official Statement, the Bonds and Issuer Documents have been duly adopted by the Issuer, are in full force and effect and have not been modified, amended or repealed;

(iv) to such person's knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any respect as of the time of Closing, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make

the statements made therein, in light of the circumstances under which they were made, not misleading;

(v) there has not been any materially adverse change in the financial condition of the Issuer since August 31, 2011, the latest date as of which audited financial information is available; and

(vi) after giving effect to the issuance of the Bonds, an Event of Default (as defined in the Limited Contract Tax and Subordinate Lien Toll Road Revenue Bond Trust Indenture) will not exist under such Trust Indenture.

[EXECUTION PAGE FOLLOWS]

EXECUTED this 22nd day of August, 2012, the date of payment for and delivery of the Bonds.

FORT BEND GRAND PARKWAY
TOLL ROAD AUTHORITY



Authority



Secretary

FEDERAL TAX CERTIFICATE

I, the undersigned officer of Fort Bend Grand Parkway Toll Road Authority (the "Authority"), make this certification for the benefit of all persons interested in the exclusion from gross income for federal income tax purposes of the interest to be paid on the Authority's Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012 (the "Bonds") which are being issued and delivered simultaneously with the delivery of this certificate. I do hereby certify as follows in good faith as of the issue date:

1. Definitions. Each capitalized term used in this certificate has the meaning specified for such term in this certificate or in Exhibits to this certificate and shall for all purposes hereof has the meaning therein specified. All such terms defined in the Internal Revenue Code of 1986, as amended (the "Code") or the Treasury Regulations promulgated under the Code (the "Regulations") shall for all purposes hereof have the same meanings as given to those terms in the Code and Regulations unless the context clearly requires otherwise.

2. Responsible Officer. I am the duly chosen, qualified and acting officer of the Authority for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Authority. I am the officer of the Authority charged, along with other officers of the Authority, with responsibility for issuing the Bonds.

3. Code and Regulations. The Bonds are subject to the requirements of sections 141, 148, 149 and 150 of the Code and the Regulations heretofore promulgated under sections 141, 148, 149 and 150 of the Code. These provisions of the Code and Regulations impose restriction on the use of bond-financed facilities and on the investment of bond proceeds. This certificate is being executed and delivered pursuant to sections 1.141-1 through 1.141-15, 1.148-0 through 1.148-11, 1.149(b)-1, 1.149(d)-1, 1.149(g)-1, 1.150-1 and 1.150-2 of the Regulations.

4. Reasonable Expectations. The facts and estimates that are set forth in this certificate are accurate. The expectations that are set forth in this certificate are reasonable in light of such facts and estimates. There are no other facts or estimates that would materially change such expectations. In connection with this certificate, the undersigned has to the extent necessary reviewed the certifications set forth herein with other representatives of the Authority as to such accuracy and reasonableness. The undersigned has also relied, to the extent appropriate, on representations set forth in the certificate of Merrill Lynch Pierce Fenner & Smith Incorporated as manager of the group of underwriters that have purchased the Bonds (the "Underwriters"), attached as Exhibit A to this certificate, and the certificate of First Southwest Company, the Authority's financial advisor (the "Financial Advisor"), attached as Exhibit B to this certificate. The undersigned is aware of no fact, estimate or circumstance that would

create any doubt regarding the accuracy or reasonableness of all or any portion of such documents.

5. Description of Governmental Purpose. The Authority is issuing the Bonds pursuant to the order adopted by the Authority on July 24, 2012 for the purposes of funding (a) the design, construction, equipment and other miscellaneous costs of the tolled overpasses on the Fort Bend Grand Parkway and the reconstruction of the existing roadway from U.S. Highway 59 to and including the intersection at Farm to Market Road 1093 (the "Westpark Tollway") and (b) the costs of issuance of the Bonds. The primary purpose of each transaction undertaken in connection with the issuance of the Bonds is a bona fide governmental purpose.

6. Amount and Expenditure of Sale Proceeds of the Bonds.

(a) Amount of Sale Proceeds. The sale proceeds from the issuance of the Bonds will be $173,830,356.05. Such amount represents the stated redemption price at maturity (excluding accrued interest for those Bonds the interest on which is paid at least once annually) of the Bonds of $155,085,000.00, plus net original issue premium of $18,745,356.05. No portion of the purchase price of any of the Bonds is provided by the issuance of any other issue of obligations.

(b) Expenditure of Sale Proceeds. The sale proceeds of the Bonds will be expended as follows:

(i) The amount of $913,636.50 will be allocated on the date of issuance of the Bonds to the payment of Underwriters' discount or compensation.

(ii) The amount of $702,255.00 will be disbursed to pay other costs of issuance of the Bonds.

(iii) The amount of $150,548,410.00 will be deposited in the special construction account or accounts and is expected to be disbursed to pay or reimburse the costs of acquisition and construction of the Project. The aggregate amount of the costs of acquisition and construction of the Project is anticipated to be not less than such amount. Any costs of the Project not financed out of original or investment proceeds of the Bonds will be financed out of the Authority's available funds.

(iv) The amount of $3,327.61 represents a rounding amount and will be deposited in the Debt Service Fund and used to pay debt service on the Bonds on the first interest payment date.

(v) The amount of $21,662,726.94 will be deposited in the Debt Service Fund as capitalized interest and disbursed to pay interest on the Bonds accruing during a period not to exceed 36 months following the issue date.

(c) Reimbursement. Other than to the extent of preliminary expenditures (i.e., architectural, engineering, surveying, soil testing, Bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of the Project, other than land acquisition, site preparation, and similar costs incident to commencement of construction), no portion of the amount described in paragraph 6(b) above will be disbursed to reimburse the Authority for any expenditures made by the Authority prior to the date that is 60 days before the earlier of the issue date or the date the Authority adopted a resolution (the "Declaration"), if any, describing the Project, stating the maximum principal amount of obligations expected to be issued for the Project, and stating the Authority's reasonable expectation on that date that it would reimburse expenditures for costs of the Project with proceeds of an obligation. The Declaration, if any, is not an official intent to reimburse that was declared as a matter of course, or in an amount substantially in excess of the amount expected to be necessary for the Project. The Authority has not engaged in a pattern of failure to reimburse original expenditures covered by official intents. Such reimbursed portion will be treated as spent for purposes of paragraphs 11(b) and 15 below.

(d) No Working Capital. Except for an amount that does not exceed 5 percent of the sale proceeds of the Bonds (and that is directly related to capital expenditures financed by the Bonds), the Authority will only expend proceeds of the Bonds for (i) costs that would be chargeable to the capital accounts of the Project if the Authority's income were subject to federal income taxation and (ii) interest on the Bonds in an amount that does not cause the aggregate amount of interest paid on all of the Bonds to exceed that amount of interest on the Bonds that is attributable to the period that commences on the date hereof and ends on the later of (A) the date that is three years from the issue date of the Bonds or (B) the date that is one year after the date on which the Project is placed in service.

(e) No Sale of Conduit Loan. No portion of the sale proceeds of the Bonds has been or will be used to acquire, finance, or refinance any conduit loan to any party.

(f) No Overissuance. The proceeds of the Bonds will not exceed by more than a minor portion (as defined in paragraph 13 below) the amount necessary to accomplish the governmental purposes of the Bonds and, in fact, are not expected to exceed by any amount the amount of proceeds allocated to expenditures for the governmental purposes of the Bonds.

(g) Allocations and Accounting. The proceeds of the Bonds will be allocated to expenditures not later than 18 months after the later of the date the expenditure is made or the date the Project is placed in service, but in no event later than the date that

60 days after the fifth anniversary of the date hereof or the retirement of the last Bond, if earlier. The allocation of proceeds will be made by consistently employing the direct-tracing method of accounting. No proceeds of the Bonds will be allocated to any expenditure to which proceeds of any other obligations have heretofore been allocated.

7. Pre-Issuance Accrued Interest. The Bonds are dated the date of issue. Accordingly, the Authority will receive from the Underwriters on the issue date of the Bonds no amount representing pre-issuance accrued interest.

8. Expenditure of Investment Proceeds. The best estimate of the Authority is that investment proceeds resulting from the investment of any proceeds of the Bonds pending expenditure of such proceeds for costs of the Project will be retained in the special construction account or accounts and disbursed to pay or reimburse Project costs in addition to those described in paragraph 6 above.

9. No Replacement Proceeds. Other than amounts described herein, there are no amounts that have a sufficiently direct nexus to the Bonds or to the governmental purposes of the Bonds to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Bonds were not used or for that purpose. Specifically,

(a) No Sinking Funds. Other than to the extent described herein, there is no debt service fund, redemption fund, reserve fund, replacement fund, or similar fund reasonably expected to be used directly or indirectly to pay principal or interest on the Bonds.

(b) No Pledged Funds. Other than amounts described herein, there is no amount that is directly or indirectly pledged to pay principal or interest on the Bonds, or to a guarantor of part or all of the Bonds, such that such pledge provides reasonable assurance that such amount will be available to pay principal or interest on the Bonds if the Authority encounters financial difficulty. For purposes of this certification, an amount is treated as so pledged if it is held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of the holders or the guarantor of the Bonds.

(c) No Other Replacement Proceeds. There are no other replacement proceeds allocable to the Bonds because the Authority reasonably expects that the term of the Bonds will not be longer than is reasonably necessary for the governmental purposes of the Bonds. Furthermore, if the term of the Bonds is longer than is reasonably necessary for the governmental purpose of the Bonds, the Authority does not reasonably expect to have available amounts during the portion of such period that is longer than is reasonably necessary. The Authority reasonably expects that the Bonds would be issued to achieve the governmental purpose of the Bonds independent of any arbitrage benefit. The Authority reasonably expects that the Bonds would be issued to

achieve the governmental purpose of the Bonds independent of any arbitrage benefit. The Bonds would have been issued if the interest on the Bonds were included in gross income (assuming that the hypothetical taxable interest rate would be the same as the actual tax-exempt interest rate).

(d) Weighted Average Economic Life. The weighted average maturity of the Bonds will not be greater than 120 percent of the weighted average estimated economic life of the portion of the Project financed, determined in accordance with section 147(b) of the Code. Such weighted average estimated economic life is determined in accordance with the following assumptions: (a) The weighted average was determined by taking into account the respective costs of each assets financed by the Bonds, (b) the reasonably expected economic life of an asset was determined as of the later of the date hereof or the date on which such asset is expected to be placed in service (i.e., available for use for the intended purposes of such asset); (c) the economic lives used in making this determination are not greater than the useful lives used for depreciation under section 167 of the Code prior to the enactment of the current system of depreciation in effect under section 168 of the Code (i.e., the "mid-point lives") under the asset depreciation range ("ADR") system of section 167(m) of the Code, as set forth in Revenue Procedure 83-35, 1983-1 C.B. 745, where applicable, and the "guideline lives" under Revenue Procedure 62-21, 1962-2 C.B. 418, in the case of structures; and (d) land or any interest therein has not been taken into account in determining the average reasonably expected economic life of such Project, unless 25 percent or more of the net proceeds of the Bonds is to be used to finance land.

10. Yield on the Bonds. For the purposes of this certificate, the yield on the Bonds is the discount rate that, when used in computing the present value as of the issue date of the Bonds, of all unconditionally payable payments of principal, interest and fees for qualified guarantees on the Bonds, produces an amount equal to the present value, using the same discount rate, of the aggregate issue price of the Bonds as of the issue date. For purposes of determining the yield on the Bonds, the issue price of the Bonds is the sum of the issue prices for each group of substantially identical Bonds, plus pre-issuance accrued interest. For each group of substantially identical Bonds, the issue price is the first price at which a substantial amount (i.e., ten percent) is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters and wholesalers). The issue price is based upon the representations of the Underwriters set forth in Exhibit A hereto. No Underwriters' discount, issuance costs, or costs of carrying or repaying the Bonds is taken into account for purposes of computing the yield on the Bonds.

The yield with respect to that portion of the Bonds subject to optional redemption that are issued at an issue price that exceeds the stated redemption price at maturity by more than one-fourth of one percent multiplied by the product of the stated redemption price at maturity and the number of complete years to the first optional redemption date for the bond is computed by treating such Bonds as redeemed at its

stated redemption price on the optional redemption date that would produce the lowest yield on the Bonds.

The yield with respect to the remaining portion of the Bonds subject to optional redemption is computed by treating such Bonds as retired at the stated redemption price at the final maturity date because (a) the Authority has no present intention to redeem prior to maturity such Bonds that are subject to optional redemption; (b) no such Bond is subject to optional redemption at any time for a price less than the retirement price at final maturity plus accrued interest; (c) no such Bond is subject to optional redemption within five years of the issue date of the Bonds; (d) no such Bond subject to optional redemption is issued at an issue price that exceeds the stated redemption price at maturity of such Bond by more than one-fourth of one percent multiplied by the product of the stated redemption price at maturity of such Bond and the number of complete years to the first optional redemption date for such Bond; and (e) no such Bond subject to optional redemption bears interest at a rate that increases during the term of the Bond.

In the case of that portion of the Bonds subject to mandatory redemption, the yield on the Bonds is calculated by treating the outstanding stated principal amounts payable on the mandatory redemption dates as payments on such dates because the Underwriters have represented that the stated redemption price at maturity of such Bonds does not exceed the issue price of such Bonds by more than one-fourth of one percent multiplied by the product of the stated redemption price at maturity and the number of years to the date of the weighted average maturity (determined by taking into account the mandatory redemption schedule) of such Bonds.

The yield on the Bonds, as calculated in the manner set forth above, is 3.347535 percent.

11. Project. The Authority has incurred or will incur within six months of the date hereof a binding obligation to a third party which is not subject to any contingencies within the control of the Authority or a related party pursuant to which the Authority is obligated to expend at least five percent of the sale proceeds of the Bonds on the Project. The Authority reasonably expects that work on or acquisition of the Project will proceed with due diligence to completion and that the proceeds of the Bonds will be expended on the Project with reasonable dispatch. The Authority reasonably expects that 85 percent of the sale proceeds of the Bonds will have been expended on the Project prior to the date that is three years after the issue date. Any sale proceeds not expended prior to the date that is three years after the issue date, will be invested at a yield not "materially higher" than the yield on the Bonds, except as set forth in paragraph 13 below. The Authority reasonably expects that any amount derived from the investment of moneys received from the sale of the Bonds and from the investment of such investment income will not be commingled with substantial other receipts or revenues of the Authority and will be expended prior to the date that

is three years after the issue date, or one year after receipt of such investment income, whichever is later. Any such investment proceeds not expended prior to such date will be invested at a yield not "materially higher" than the yield on the Bonds, except as set forth in paragraph 13 below.

12. Funds.

(a) Subordinate Lien Debt Service Fund. Pursuant to the Indenture, the Authority has created the Subordinate Lien Debt Service Fund (the "Debt Service Fund") and the proceeds from all taxes levied, assessed and collected for and on account of the Bonds, together with other available funds of the Authority, to be deposited in such Fund. The Authority expects that taxes levied, assessed and collected for and on account of the Bonds will be sufficient each year to pay such debt service. All amounts which will be depleted at least once each bond year, except for a reasonable carryover amount not in excess of the greater of the earnings on such portion of the Fund for the immediately preceding bond year or one-twelfth of the principal and interest payments on the Bonds for the immediately preceding bond year, will constitute a bona fide debt service fund component of the Debt Service Fund (the "Bona Fide Portion"). Such Bona Fide Portion of the Debt Service Fund will be used primarily to achieve a proper matching of revenues and principal and interest payments on the Bonds within each bond year. Amounts held in the Bona Fide Portion of the Debt Service Fund will be invested at an unrestricted yield because such amounts will be expended within 13 months of the date such amounts are received. The remaining portion of the Debt Service Fund (the "Reserve Portion"), if any, will be treated separately for purposes of this certificate. Amounts on deposit from time to time in the Bona Fide Portion and the Reserve Portion are allocable between the Bonds and any other obligations of the Authority secured by the Debt Service Fund on the basis of one of the methods set forth in section 1.148-6(e)(6) of the Regulations. The portion of the Reserve Portion allocable to the Bonds will not exceed at any time the least of (a) ten percent of the stated principal amount of the Bonds (or sale proceeds in the event that the amount of original issue discount exceeds two percent multiplied by the stated redemption price at maturity of the Bonds), (b) the maximum annual principal and interest requirements of the Bonds, and (c) 125 percent of average annual principal and interest requirements of the Bonds. Therefore, all amounts therein may be invested at an unrestricted yield. Any amounts held in the Bona Fide Portion for longer than 13 months or held in the Reserve Portion in excess of the least of the amounts described above, will be invested in obligations the yield on which is not in excess of the yield on the Bonds.

(b) Revenue Fund and Tax Fund. The Revenue Fund and the Tax Fund are created pursuant to the Indenture. No portion of the proceeds of the Bonds will be deposited in the Revenue Fund or the Tax Fund. Amounts on deposit in the Revenue Fund and the Tax Fund will be invested at an unrestricted yield because such amounts will be expended within 13 months of the date such amounts are received and deposited into any fund established pursuant to the Indenture. Any amounts in the

Revenue Fund or the Tax Fund held longer than 13 months will be invested in obligations the yield on which does not exceed the yield on the Bonds.

(c) Renewal and Replacement Fund, County Reimbursement Fund and Grand Parkway System Reimbursement Fund. The Renewal and Replacement Fund, County Reimbursement Fund and Grand Parkway System Reimbursement Fund are created pursuant to the Indenture. No portion of the proceeds of the Bonds will be deposited in the Renewal and Replacement Fund, County Reimbursement Fund or Grand Parkway System Reimbursement Fund. There is no assurance that amounts on deposit, if any, in the Renewal and Replacement Fund, County Reimbursement Fund and Grand Parkway System Reimbursement Fund will be available to pay debt service on the Bonds in the event the Authority encounters financial difficulties.

13. Minor Portion. All gross proceeds will be invested in accordance with paragraphs 11 and 12 above. To the extent such amounts remain on hand following the periods set forth in paragraphs 11 and 12 above or exceed the limits set forth in paragraph 12 above, the Authority will invest such amounts at a restricted yield as set forth in such paragraphs; provided, however, that a portion of such amounts, not to exceed in the aggregate the lesser of $100,000 or five percent of the sale proceeds of the Bonds (the "Minor Portion"), may be invested at a yield which is higher than the yield on the Bonds.

14. Issue. There are no other obligations that (a) are sold at substantially the same time as the Bonds (i.e., within 15 days), (b) are sold pursuant to the same plan of financing with the Bonds, and (c) will be paid out of substantially the same source of funds as the Bonds.

15. Compliance With Rebate Requirements.

(a) General. The Authority has covenanted in the Bond Document that it will take all necessary steps to comply with the requirement that "rebatable arbitrage earnings" on the investment of the "gross proceeds" of the Bonds, within the meaning of section 148(f) of the Code be rebated to the federal government. Specifically, the Authority will (a) maintain records regarding the investment of the "gross proceeds" of the Bonds as may be required to calculate such "rebatable arbitrage earnings" separately from records of amounts on deposit in the funds and accounts of the Authority which are allocable to other bond issues of the Authority or moneys which do not represent "gross proceeds" of any bonds of the Authority, (b) calculate at such intervals as may be required by applicable Regulations, the amount of "rebatable arbitrage earnings," if any, earned from the investment of the "gross proceeds" of the Bonds and (c) pay, not less often than every fifth anniversary date of the delivery of the Bonds and within 60 days following the final maturity of the Bonds, or on such other dates required or permitted by applicable Regulations, all amounts required to be rebated to the federal government. Further, the Authority will not indirectly pay any amount otherwise

payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the "gross proceeds" of the Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm's-length and had the yield on the issue not been relevant to either party.

(b) Two-Year Spending Exception for the Project. The Authority hereby makes the elections, if any, set forth below for purposes of the two-year spending exception from arbitrage rebate:

ELECT	DO NOT ELECT	N/A	
☒	☐	☐	1. To use actual facts to apply the provisions of paragraphs (e) through (m) of section 1.148-7 of the Regulations. Section 1.148-7(f)(2) of the Regulations.
☐	☒	☐	2. To exclude earnings on a reasonably required reserve or replacement fund from the definition of "available construction proceeds" for purposes of the spending requirements. Section 1.148-7(i)(2) of the Regulations.
☐	☒	☐	3. To treat the Bonds as two, and only two, separate issues, one of which (a) meets the definition of a construction issue and (b) is reasonably expected as of the date hereof to finance all of the construction expenditures to be financed by the Bonds. Section 1.148-7(j)(1) of the Regulations.
☐	☒	☐	4. To pay a penalty (the "1-1/2% penalty") to the United States in lieu of the obligation to pay arbitrage rebate on available construction proceeds in the event that the Bonds fail to satisfy any of the semiannual spending requirements for the two-year rebate exception. Section 1.148-7(k)(1) of the Regulations.

The Authority reasonably expects that at least 75 percent of the "available construction proceeds" of the Bonds, within the meaning of section 1.148-7(i) of the Regulations, will be allocated to "construction expenditures," within the meaning of section 1.148-7(g) of the Regulations, for property owned by the Authority.

16. Not an Abusive Transaction.

(a) General. No action taken in connection with the issuance of the Bonds will enable the Authority to (i) exploit, other than during an allowable temporary period, the difference between tax-exempt and taxable interest rates to obtain a material financial advantage (including as a result of an investment of any portion of the gross proceeds of the Bonds over any period of time, notwithstanding that, in the aggregate, the gross proceeds of the Bonds are not invested in higher yielding investments over the term of the Bonds), and (ii) issue more bonds, issue bonds earlier, or allow bonds to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes of the Bonds. To the best of our knowledge, no actions have been taken in connection with the issuance of the Bonds other than actions that would have been taken to accomplish the governmental purposes of the Bonds if the interest on the Bonds were not excludable from gross income for federal income tax purposes (assuming the hypothetical taxable interest rate would be the same as the actual tax-exempt interest rate on the Bonds).

(b) No Sinking Fund. No portion of the Bonds has a term that has been lengthened primarily for the purpose of creating a sinking fund or similar fund with respect to the Bonds.

(c) No Window. No portion of the Bonds has been structured with maturity dates the primary purpose of which is to make available released revenues that will enable the Authority to avoid transferred proceeds or to make available revenues that may be invested to be ultimately used to pay debt service on another issue of obligations.

17. No Arbitrage. On the basis of the foregoing facts, estimates and circumstances, it is expected that the gross proceeds of the Bonds will not be used in a manner that would cause any of the Bonds to be an "arbitrage bond" within the meaning of section 148 of the Code and the Regulations. To the best of the knowledge and belief of the undersigned, there are no other facts, estimates or circumstances that would materially change such expectations.

18. No Private Use, Payments or Loan Financing.

(a) General. The Authority reasonably expects, as of the date hereof, that no action or event during the entire stated term of the Bonds will cause either the "private business tests" or the "private loan financing test," as such terms are defined in the Regulations, to be met.

(i) No portion of the proceeds of the Bonds will be used in a trade or business of a nongovernmental person. For purposes of determining use, the Authority will apply rules set forth in applicable Regulations and Revenue Procedures promulgated by the Internal Revenue Service, including, among others, the following rules: (A) any activity carried on by a person other than a

natural person or a state or local governmental unit will be treated as a trade or business of a nongovernmental person; (B) the use of all or any portion of the Project is treated as the direct use of proceeds; (C) a nongovernmental person will be treated as a private business user of proceeds of the Bonds as a result of ownership, actual or beneficial use pursuant to a lease, or a management or incentive payment contract, or certain other arrangements such as a take-or-pay or other output-type contract; and (D) the private business use test is met if a nongovernmental person has special legal entitlements to use directly or indirectly the Project. The Authority and each developer that may use any portion of the Project during an initial development period reasonably expect on the date hereof to proceed with all reasonable speed to develop each portion of the Project and the property benefited by that portion of the Project and to transfer each such portion of the Project to a governmental person. Each such portion of the Project will in fact be transferred to a governmental person promptly after the property benefited by each such portion of the Project is developed.

(ii) The Authority has not taken and will not take any deliberate action that would cause or permit the use of any portion of the Project to change such that such portion will be deemed to be used in the trade or business of a nongovernmental person for so long as any of the Bonds remains outstanding (or until an opinion of nationally recognized bond counsel is received to the effect that such change in use will not adversely affect the excludability from gross income for federal income tax purposes of interest payable on the Bonds). For this purpose, any action within the control of the Authority is treated as a deliberate action. A deliberate action occurs on the date the Authority enters into a binding contract with a nongovernmental person for use of the Project that is not subject to any material contingencies.

(iii) No portion of the proceeds of the Bonds will be directly or indirectly used to make or finance a loan to any person other than a state or local governmental unit.

(b) Dispositions of Personal Property in the Ordinary Course. The Authority does not reasonably expect that it will sell or otherwise dispose of personal property components of the Project financed with the Bonds other than in the ordinary course of an established governmental program that satisfies the following requirements:

(i) The weighted average maturity of the portion of the Bonds financing personal property is not greater than 120 percent of the reasonably expected actual use of such personal property for governmental purposes;

(ii) The reasonably expected fair market value of such personal property on the date of disposition will be not greater than 25 percent of its cost;

(iii) Such personal property will no longer be suitable for its governmental purposes on the date of disposition; and

(iv) The Authority is required to deposit amounts received from such disposition in a commingled fund with substantial tax or other governmental revenues and the Authority reasonably expects to spend such amounts on governmental programs within 6 months from the date of commingling.

Furthermore, the Authority will not sell or otherwise dispose of all or any portion of the Project in circumstances in which the foregoing requirements are not satisfied unless it has received an opinion of nationally recognized bond counsel to the effect that such disposition will not adversely affect the treatment of interest on the Bonds as excludable from gross income for federal income tax purposes.

(c) Other Agreements. The Authority will not enter into any agreement with any nongovernmental person regarding the use of all or any portion of the Project during the stated term of the Bonds unless such agreement will not adversely affect the treatment of interest on the Bonds as excludable from gross income for federal income tax purposes.

19. Weighted Average Maturity. The weighted average maturity of the Bonds, set forth on Exhibit B attached to this certificate, is the sum of the products of the issue price of each group of identical Bonds and the number of years to maturity (determined separately for each group of identical Bonds and taking into account mandatory redemptions), divided by the aggregate sale proceeds of the Bonds.

20. Bonds are Not Hedge Bonds. Not more than 50 percent of the proceeds of the Bonds will be invested in nonpurpose investments (as defined in section 148(f)(6)(A) of the Code) having a substantially guaranteed yield for four years or more within the meaning of section 149(g)(3)(A)(ii) of the Code. Further, the Authority reasonably expects that at least 85 percent of the spendable proceeds of the Bonds will be used to carry out the governmental purposes of the Bonds within the three-year period beginning on the date the Bonds are issued.

EXECUTION PAGE FOLLOWS

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY

By: _____
Name: Jim Cordrey
Title: Chairman
Date: May 1, 2012

EXHIBIT A

CERTIFICATE OF UNDERWRITERS

I, the undersigned officer of Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative (the "Representative") of the underwriters (the "Underwriters"), make this certification in connection with the Fort Bend Grand Parkway Toll Road Authority Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012 (the "Bonds"). Each capitalized term used herein has the meaning or is the amount, as the case may be, specified for such term in the Federal Tax Certificate to which this Exhibit A is attached (the "Federal Tax Certificate"). I hereby certify as follows in good faith as of the issue date, based on information available to me:

1. I am the duly chosen, qualified and acting officer of the Representative for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Representative and the Underwriters. I am the officer of the Representative charged, along with other officers of the Representative, with responsibility for the Bonds.

2. The Underwriters have made a bona fide public offering to the public of the Bonds at the reoffering prices to the public set out on the cover of the Official Statement. The reoffering prices set forth on the cover of the Official Statement were determined on the date the Bonds were purchased by the Underwriters based on the reasonable expectations regarding the initial public offering prices. At least 10 percent of the Bonds were sold to the public at initial offering prices not greater than the respective prices shown in the Official Statement, or in the case of discount obligations sold on a yield basis, at yields no lower than the respective yields shown in the Official Statement. The aggregate of such reoffering prices of all of the Bonds is $173,830,356.05, which price includes no pre-issuance accrued interest. The Representative had no reason to believe that the initial public offering price described above exceeded the fair market value for the Bonds on the sale date. The term "public," as used herein, does not include bondhouses, brokers, dealers, and similar persons or organizations acting in the capacity of underwriters or wholesalers.

The Authority may rely on the statements made herein in connection with making the representations set forth in the Federal Tax Certificate. Allen Boone Humphries Robinson LLP also may rely on this certificate for purposes of its opinion regarding the treatment of interest on the Bonds as excludable from gross income for federal income tax purposes. The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned's interpretation of any laws; in particular, the regulations promulgated under the Internal Revenue Code of 1986, or the application of any laws to these facts. The certifications contained herein

are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. Although certain information furnished in this certificate has been derived from other purchasers, bond houses and brokers and cannot be independently verified by us, we have no reason to believe it to be untrue in any material respect.

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

By: _____

Title: _____

Date: August 22, 2012

EXHIBIT B

CERTIFICATE OF FINANCIAL ADVISOR

I, the undersigned officer of the Financial Advisor, make this certificate for the benefit of all persons interested in the exclusion from gross income for federal income tax purposes of the interest on the Bonds. Each capitalized term used herein has the meaning or is the amount, as the case may be, specified for such term in the Federal Tax Certificate to which this Exhibit B is attached (the "Federal Tax Certificate"). I hereby certify as follows as of the issue date:

1. I am the duly chosen, qualified and acting officer of the Financial Advisor for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Financial Advisor. I am the officer of the Financial Advisor who has worked with representatives of the Authority in structuring the financial terms of the Bonds.

2. The issue price of the Bonds based on the representations set forth in Exhibit A to the Certificate to which this Exhibit is attached is not more than $173,830,356.05. The yield on the Bonds, based on such issue price (including pre-issuance accrued interest) is not less than 3.347535 percent (the "yield"). For purposes of this certificate, the term "yield" means that yield which is computed as described in paragraph 10 of the Federal Tax Certificate. The purchase price of the Bonds and the bond insurance premium, if any, used in computing yield on the Bonds is based solely on the Issue Price Certificate of the Underwriters attached as Exhibit A to the Federal Tax Certificate.

3. The Financial Advisor computed the weighted average maturity of the Bonds to be 23.4517 years, as set forth in paragraph 19 of the Federal Tax Certificate.

4. To the best of my knowledge the statements set forth in paragraph 16 of the Federal Tax Certificate are true.

The Authority may rely on the statements made herein in connection with making the representations set forth in this certificate and in its efforts to comply with the conditions imposed by the Code on the exclusion of interest on the Bonds from the gross income of their owners. Allen Boone Humphries Robinson LLP also may rely on this certificate for purposes of its opinion regarding the treatment of interest on the Bonds as excludable from gross income for federal income tax purposes.

EXECUTION PAGE FOLLOWS

FIRST SOUTHWEST COMPANY

By: Warren P. Cook III

Title: SR. VICE PRESIDENT

Date: August 22, 2012

Form **8038-G** (Rev. September 2011)

Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ **Under Internal Revenue Code section 149(e)**

▶ **See separate instructions.**

Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority

If **Amended Return**, check here ▶ ☐

1 Issuer's name **Fort Bend Grand Parkway Toll Road Authority**	2 Issuer's employer identification number (EIN) **27-3041038**
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)	3b Telephone number of other person shown on 3a
4 Number and street (or P O. box if mail is not delivered to street address) Room/suite **301 Jackson Street** **719**	5 Report number *(For IRS Use Only)* 3
6 City, town, or post office, state, and ZIP code **Richmond, Texas 77469**	7 Date of issue **August 22, 2012**
8 Name of issue **Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012**	9 CUSIP number **346832AP3**
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) **Jim Condrey, Chairman**	10b Telephone number of officer or other employee shown on 10a **281-499-3541**

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11	Education	11		
12	Health and hospital	12		
13	Transportation	13		
14	Public safety	14		
15	Environment (including sewage bonds)	15		
16	Housing	16		
17	Utilities	17		
18	Other. Describe ▶ **Toll Roads**	18	173,830,356	05
19	If obligations are TANs or RANs, check only box 19a ▶ ☐ If obligations are BANs, check only box 19b ▶ ☐			
20	If obligations are in the form of a lease or installment sale, check box ▶ ☐			

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	3/1/2046	$ 173,830,356.05	$ 155,085,000.00	23.4517 years	3.3475 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	0	00
23	Issue price of entire issue (enter amount from line 21, column (b))			23	173,830,356	05
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	1,615,891 50			
25	Proceeds used for credit enhancement	25	0 00			
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0 00			
27	Proceeds used to currently refund prior issues	27	0 00			
28	Proceeds used to advance refund prior issues	28	0 00			
29	Total (add lines 24 through 28)			29	1,615,891	50
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	172,214,464	55

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31	Enter the remaining weighted average maturity of the bonds to be currently refunded ▶	N/A years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ▶	N/A years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) ▶	N/A
34	Enter the date(s) the refunded bonds were issued ▶ (MM/DD/YYYY)	N/A

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	0	00
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a	0	00
b	Enter the final maturity date of the GIC ▶			
c	Enter the name of the GIC provider ▶			
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	0	00

38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the following information:

b Enter the date of the master pool obligation ▶

c Enter the EIN of the issuer of the master pool obligation ▶

d Enter the name of the issuer of the master pool obligation ▶

39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☑

40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

41a If the issuer has identified a hedge, check here ▶ ☐ and enter the following information:

b Name of hedge provider ▶

c Type of hedge ▶

d Term of hedge ▶

42 If the issuer has superintegrated the hedge, check box ▶ ☐

43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶ ☑

44 If the issuer has established written procedures to monitor the requirements of section 148, check box ▶ ☑

45a If some portion of the proceeds was used to reimburse expenditures, check here ▶ ☐ and enter the amount of reimbursement ▶

b Enter the date the official intent was adopted ▶

Signature and Consent

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

Signature of issuer's authorized representative — Date: 8/22/12 — Jim Condrey, Chairman (Type or print name and title)

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Tina M. Kyle	Tina M. Kyle	8/22/12		P01066476

Firm's name ▶ Allen Boone Humphries Robinson LLP — Firm's EIN ▶ 74-3091731

Firm's address ▶ 3200 Southwest Fwy, Ste 2600, Houston, TX 77027 — Phone no. 713-860-6400

SPECIMEN BOND

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF FORT BEND

REGISTERED
NUMBER
_____

REGISTERED
DENOMINATION
$_____

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY
LIMITED CONTRACT TAX AND SUBORDINATE
LIEN TOLL ROAD REVENUE BOND, SERIES 2012

INTEREST RATE: MATURITY DATE: ISSUE DATE: August 1, 2012 CUSIP:

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

Fort Bend Grand Parkway Toll Road Authority (the "Authority"), a local government corporation created by Fort Bend County, Texas, promises to pay to the registered owner identified above, or registered assigns, on the maturity date specified above, upon presentation and surrender of this Bond at Wells Fargo Bank, N.A. (the "Trustee" or the "Registrar"), at its designated office, the principal amount identified above, payable in any coin or currency of the United States of America which on the date of payment of such principal is legal tender for the payment of debts due the United States of America, and to pay interest thereon at the rate shown above, calculated on the basis of a 360 day year of twelve 30 day months, from the later of the date of delivery hereof, August 22, 2012, or the most recent interest payment date to which interest has been paid or duly provided for. Interest on this Bond is payable by check on March 1, 2013, and semiannually thereafter on each September 1 and March 1, mailed to the registered owner as shown on the books of registration kept by the Registrar as of the close of business on the 15th day of the calendar month next preceding each interest payment date.

THIS BOND IS ONE OF A SERIES OF BONDS designated "Fort Bend Grand Parkway Toll Road Authority, Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012" (herein called the "Series 2012 Bonds"), aggregating $155,085,000, issued for the purpose of acquisition or improvement of certain portions of Segment D of the Grand Parkway System (as further defined in the Indenture (defined below), the "Project"), and all other costs related to such facilities, under the laws enacted under the Constitution, including Chapter 1201, Texas Government Code, as amended, and Chapter 284, Texas Transportation Code, as amended (collectively, the "Act"), and pursuant to a resolution adopted by the Board of Directors of the Authority (the "Resolution"), which Resolution is of record in the official minutes of the Board

of Directors of the Authority. The Series 2012 Bonds are further issued under and pursuant to that certain Limited Contract Tax and Subordinate Lien Toll Road Revenue Bond Trust Indenture dated as of July 1, 2012 (herein called the "Original Indenture"), between the Authority and Wells Fargo Bank, N.A. as Trustee (together with any successor, the "Trustee") as supplemented by the First Supplemental Limited Contract Tax and Subordinate Lien Toll Road Revenue Bond Trust Indenture dated as of July 1, 2012, between the Authority and the Trustee (herein called the "First Supplemental Indenture" and together with the Original Indenture called the "Indenture").

THE SERIES 2012 BONDS are payable from the payments from Fort Bend County, Texas (the "County") pursuant to a Joint Project Agreement with the Authority, pursuant to which the County is obligated to levy, assess and collect a continuing, direct annual ad valorem tax, within the limits provided by law, upon all taxable property within Fort Bend County, Texas and are further payable from and secured by a lien on and pledge of the Trust Estate as defined in the Indenture to the extent provided in the Indenture, including a subordinate lien pledge of Net Revenues of the Fort Bend Grand Parkway, including the Project. Other than the contract tax revenues received under the Joint Project Agreement, the holders of the Bonds shall never have the right to demand payment of the Bond out of any funds raised or to be raised by taxation. As provided in the Indenture, additional bonds may be issued from time to time pursuant to supplemental indentures in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and, subject to the provisions thereof, may otherwise vary. All bonds issued and to be issued under the Indenture are and will be equally secured by the pledges, assignments in trust, and covenants made therein, except as otherwise expressly provided or permitted in the Indenture. The Bond is not an obligation of the State of Texas.

THE AUTHORITY RESERVES THE RIGHT to redeem the Series 2012 Bonds scheduled to mature on or after March 1, 2023, prior to maturity, in whole or from time to time in part, in integral multiples of $5,000, on March 1, 2022, or any date thereafter at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. Reference is made to the Indenture for complete details concerning the manner of redeeming the Bonds.

THE BONDS maturing on March 1, in each of the years 2037, 2042, and 2046 (collectively, the "Term Bonds") are subject to mandatory redemption prior to maturity in the amounts and on the dates set out below, at a price equal to the principal amount to be redeemed plus accrued interest to the redemption date:

TERM BONDS MATURING IN THE YEAR 2037

Mandatory Redemption	Principal Amount
March 1, 2033	$5,535,000
March 1, 2034	$5,805,000
March 1, 2035	$6,090,000
March 1, 2036	$6,390,000
March 1, 2037 (maturity)	$6,705,000

TERM BONDS MATURING IN THE YEAR 2042

Mandatory Redemption	Principal Amount
March 1, 2038	$7,040,000
March 1, 2039	$7,385,000
March 1, 2040	$7,750,000
March 1, 2041	$8,135,000
March 1, 2042 (maturity)	$8,540,000

TERM BONDS MATURING IN THE YEAR 2046

Mandatory Redemption	Principal Amount
March 1, 2043	$ 8,920,000
March 1, 2044	$ 9,265,000
March 1, 2045	$ 9,630,000
March 1, 2046 (maturity)	$10,010,000

The particular Term Bonds to be redeemed shall be selected by the Registrar by lot or other customary random selection method, on or before January 15 of each year in which Term Bonds are to be mandatorily redeemed. The principal amount of Term Bonds to be mandatorily redeemed in each year shall be reduced by the principal amount of such Term Bonds that have been acquired by the District and delivered to the Registrar for cancellation or have been optionally redeemed and which have not been made the basis for a previous reduction.

NOTICE OF ANY REDEMPTION shall be given at least thirty (30) days prior to the date fixed for redemption by first class mail, addressed to the registered owners of each Series 2012 Bond to be redeemed in whole or in part at the address shown on the books of registration kept by the Registrar. When Series 2012 Bonds or portions thereof have been called for redemption, and due provision has been made to redeem the same, the amounts so redeemed shall be payable solely from the funds provided for redemption, and interest which would otherwise accrue on the amounts called for redemption shall terminate on the date fixed for redemption.

THIS BOND is transferable only upon presentation and surrender at the designated office of the Trustee in Dallas, Texas, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative, subject to the terms and conditions of the Indenture.

THE BONDS are exchangeable at the designated office of the Trustee in Dallas, Texas, for Bonds in the principal amount of $5,000 or any integral multiple thereof, subject to the terms and conditions of the Indenture.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Indenture unless this Bond is either (i) registered by the Comptroller of Public

Accounts of the State of Texas by registration certificate attached or affixed hereto or (ii) authenticated by the Registrar by due execution of the authentication certificate endorsed hereon.

THE REGISTERED OWNER of this Bond, by acceptance hereof, acknowledges and agrees to be bound by all the terms and conditions of the Indenture.

THE AUTHORITY has covenanted in the Indenture that it will at all times provide a legally qualified registrar for the Bonds and will cause notice of any change of registrar to be mailed to each registered owner.

IT IS HEREBY certified, recited and covenanted that this Bond has been duly and validly issued and delivered; that all acts, conditions and things required or proper to be performed, to exist and to be done precedent to or in the issuance and delivery of this Bond have been performed, exist and have been done in accordance with law; and that provision has been made for the payment of the interest on and principal of this Bond, and on all of the Bonds by the creation of the aforesaid lien on and pledge of the Trust Estate.

IT IS HEREBY FURTHER CERTIFIED, recited and covenanted that this Bond is payable from and secured by a lien on and pledge of the Trust Estate as defined in the Indenture to the extent provided in the Indenture.

IN WITNESS WHEREOF, this Bond has been signed with the manual or facsimile signature of the Authority Chairman, countersigned with the manual or facsimile signature of the Authority Assistant Secretary, and the official seal of the Authority has been duly impressed, or placed in facsimile, on this Bond.

_____
Chairman

COUNTERSIGNED:

_____
Assistant Secretary

(SEAL)

AUTHENTICATION CERTIFICATE
It is hereby certified that this Bond is one of the Bonds referred to in the Indenture.

WELLS FARGO BANK, N.A.
As Trustee

By _____
Authorized Signatory
Date of Authentication _____

ASSIGNMENT

For value received, the undersigned hereby sells, assigns, and transfers unto

_____

(Please print or type name, address, and zip code of Transferee)

_____

(Please insert Social Security or Taxpayer Identification Number of Transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer said Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: _____

_____

Registered Owner

NOTICE: The signature above must correspond to the name of the registered owner as shown on the face of this Bond in every particular, without any alteration, enlargement or change whatsoever.

Signature Guaranteed:

_____

_____

NOTICE: Signature must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

MOODY'S
INVESTORS SERVICE

Plaza of the Americas
600 North Pearl St., Suite 2165
Dallas, TX 75201
214.220.4350 tel

July 25, 2012

Mr. Ed Sturdivant
Fort Bend Grand Parkway Toll Road Authority
301 Jackson Suite 533
Richmond, TX 77469

Dear Mr. Sturdivant :

We wish to inform you that on July 17, 2012, Moody's Investors Service assigned a rating of

- Aa1 to FORT BEND Grand Parkway Toll Road Authority TX, Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012

In order for us to maintain the currency of our ratings, we request that you provide ongoing disclosure of current financial and statistical information.

Moody's will monitor this rating and reserves the right, at its sole discretion, to revise or withdraw this rating at any time in the future.

The rating, as well as any revisions or withdrawals thereof, will be publicly disseminated by Moody's through normal print and electronic media and in response to verbal requests to Moody's Rating Desk.

Should you have any questions regarding the above, please do not hesitate to contact me or the analyst assigned to this transaction, James Hobbs at 214-220-4382.

Sincerely,

Toby Cook
VP-Senior Analyst/Manager

cc: Mr. Cliff Kavanaugh
First Southwest Co
700 Milam St Suite 500
Houston TX 77002

FitchRatings

One State Street Plaza
New York, NY 10004

T 212 908 0500 • 800 75 FITCH
www.fitchratings.com

July 16, 2012

Mr. Robert Ed Sturdivant
County Auditor
Fort Bend County
301 Jackson Street
Richmond, TX 77469

Dear Mr. Sturdivant:

Fitch Ratings has assigned one or more ratings and/or otherwise taken rating action(s), as detailed in the attached Notice of Rating Action.

In issuing and maintaining its ratings, Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of Fitch's ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

Fitch seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

Ratings are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer. Ratings do not comment on the adequacy of market price, the suitability of any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. Fitch is not your advisor, nor is Fitch providing to you or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A rating should not be viewed as a replacement for such advice or services.

The assignment of a rating by Fitch does not constitute consent by Fitch to the use of its name as an expert in connection with any registration statement or other filings under US, UK or any other relevant securities laws. Fitch does not consent to the inclusion of its ratings nor this letter communicating our rating action in any offering document.

It is important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason Fitch deems sufficient.

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between Fitch and you or between us and any user of the ratings.

In this letter, "Fitch" means Fitch, Inc. and Fitch Ratings Ltd and any subsidiary of either of them together with any successor in interest to any such person.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please feel free to contact us at any time.

Jeff Schaub
Managing Director, Operations
U.S. Public Finance /
Global Infrastructure & Project Finance

JS/jh

Enc: Notice of Rating Action
(Doc ID: 175533)

Notice of Rating Action

Bond Description	Rating Type	Action	Rating	Outlook/ Watch	Eff Date	Notes
Fort Bend Grand Parkway Toll Road Authority (TX) ltd contract tax & sub lien toll road rev bonds ser 2012	Long Term	New Rating	AA+	RO:Sta	16-Jul-2012	

Key: RO: Rating Outlook, RW: Rating Watch; Pos: Positive, Neg: Negative, Sta: Stable, Evo: Evolving

ATTORNEY GENERAL OF TEXAS
GREG ABBOTT

August 21, 2012

THIS IS TO CERTIFY that Fort Bend Grand Parkway Toll Road Authority (the "Issuer"), has submitted the Fort Bend Grand Parkway Toll Road Authority Limited Contract Tax and Subordinate Lien Toll Road Revenue Bond, Series 2012 (the "Bond"), in the principal amount of $155,085,000, for approval. The Bond is dated August 1, 2012, numbered AG-1, and was authorized by a Resolution of the Issuer passed on July 24, 2012 (the "Resolution"). The record of proceedings submitted with the Bond included the Resolution, the Limited Contract Tax and Subordinate Lien Toll Road Revenue Bond Trust Indenture, and a First Supplemental Limited Contract Tax and Subordinate Lien Toll Road Revenue Bond Trust Indenture (collectively, the " Indenture").

The Office of the Attorney General has examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We express no opinion relating to the official statement or any other offering material relating to the Bond.

Based on our examination, we are of the opinion, as of the date hereof and under existing law, as follows (capitalized terms, except as herein defined, have the meanings given to them in the Indenture):

(1) The Bond has been issued in accordance with law and is a valid and binding special obligation of the Issuer.

(2) The Bond is payable from and secured by a lien on and pledge of the Trust Estate as defined in the Indenture to the extent provided in the Indenture.

(3) The holder of the Bond shall never have the right to demand payment of the Bond out of any funds raised or to be raised by taxation other than from the contract tax revenues received under the Joint Project Agreement.

(4) Neither the faith and credit nor the taxing power of the State of Texas, Fort Bend County, or any other municipal or political subdivision of the State of Texas is pledged to the payment of the principal or the interest or any premium on the Bond.

(5) The proceedings conform to the requirements of law.

Therefore, the Bond is approved and, pursuant to the provisions of chapter 1371 of the Government Code, the proceedings are approved.

Attorney General of the State of Texas

No. 54142
Book No. 2012-C
MAR

* See Attached Signature Authorization

OFFICE OF THE ATTORNEY GENERAL §
§
OF THE STATE OF TEXAS §

I, GREG ABBOTT, Attorney General for the State of Texas, do hereby authorize the employees of the Public Finance Division of the Office of the Attorney General to affix a digital image of my signature, in my capacity as Attorney General, to the opinions issued by this office approving the issuance of public securities by the various public agencies, non-profit corporations, districts, entities, bodies politic or corporate, or political subdivisions of this State as required by law, the opinions approving those contracts designated by the Legislature as requiring the approval of the Attorney General, and the obligations, proceedings and credit agreements required by law to be approved by the Attorney General. The authorized digital image of my signature is attached as Exhibit A and is hereby adopted as my own for the purposes set forth herein. This supercedes any prior signature authorizations for the same purpose.

The authority granted herein is to be exercised on those occasions when I am unavailable to personally sign said opinions, and upon the condition that the opinions to which the digital image signature is affixed have been approved by an authorized Assistant Attorney General following the completion of the Public Finance Division's review of the transcripts of proceedings to which the opinions relate.

Given under my hand and seal of office at Austin, Texas, this the 9 day of January, 2009.

GREG ABBOTT
Attorney General of the State of Texas

OFFICE OF COMPTROLLER

OF THE STATE OF TEXAS

I, Melissa Mora, ☐ Bond Clerk ☒ Assistant Bond Clerk in the office of the Comptroller of the State of Texas, do hereby certify that, acting under the direction and authority of the Comptroller on the 21st day of August 2012, I signed the name of the Comptroller to the certificate of registration endorsed upon the:

Fort Bend Grand Parkway Toll Road Authority Limited Contract Tax and Subordinate Lien Toll Revenue Bond, Series 2012 and certain related documents, (the "Proceedings"),

the bond is numbered AG-1, dated August 1, 2012, and that in signing the certificate of registration I used the following signature:

Susan Combs

IN WITNESS WHEREOF I have executed this certificate this the 21st day of August 2012.

Melissa Mora

I, Susan Combs, Comptroller of Public Accounts of the State of Texas, certify that the person who has signed the above certificate was duly designated and appointed by me under authority vested in me by Chapter 403, Subchapter H, Government Code, with authority to sign my name to all certificates of registration, and/or cancellation of bonds required by law to be registered and/or cancelled by me, and was acting as such on the date first mentioned in this certificate, and that the bonds/certificates described in this certificate have been duly registered in the office of the Comptroller, under Registration Number 80545.

GIVEN under my hand and seal of office at Austin, Texas, this the 21st day of August 2012.

Susan Combs

SUSAN COMBS
Comptroller of Public Accounts
of the State of Texas

OFFICE OF COMPTROLLER

OF THE STATE OF TEXAS

I, SUSAN COMBS, Comptroller of Public Accounts of the State of Texas, do hereby certify that the attachment is a true and correct copy of the opinion of the Attorney General approving the:

Fort Bend Grand Parkway Toll Road Authority Limited Contract Tax and Subordinate Lien Toll Revenue Bond, Series 2012 and certain related documents, (the "Proceedings")

the bond is numbered AG-1, of the denomination of $ 155,085,000, dated August 1, 2012, as authorized by issuer, interest various percent, under and by authority of which said bonds/certificates and Proceedings were registered electronically in the office of the Comptroller, on the 21st day of August 2012, under Registration Number 80545.

Given under my hand and seal of office, at Austin, Texas, the 21st day of August 2012.

SUSAN COMBS
Comptroller of Public Accounts
of the State of Texas

ALLEN BOONE HUMPHRIES ROBINSON LLP
ATTORNEYS AT LAW
PHOENIX TOWER
3200 SOUTHWEST FREEWAY
SUITE 2600
HOUSTON, TEXAS 77027
TEL (713) 860-6400
FAX (713) 860-6401
abhr.com

August 22, 2012

We have acted as Bond Counsel to the Fort Bend Grand Parkway Toll Road Authority (the "Issuer") in connection with the issuance and sale of the Issuer's Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012, in the aggregate principal amount of $155,085,000 (the "Bonds") pursuant to the terms of a Trust Indenture dated as of July 1, 2012, and as supplemented by a First Supplemental Indenture of Trust dated as of July 1, 2012, (the "Indenture"), between the Issuer and Wells Fargo Bank, National Association (the "Trustee"), a Bond Resolution, dated as of July 24, 2012 (the "Resolution") and an Order of Fort Bend County, Texas, dated as of July 24, 2012 (the "County Order"). Except as otherwise indicated, terms defined in the Indenture are used in this opinion with the meanings assigned to them in the Indenture.

In our capacity as Bond Counsel, we have participated in the preparation of and have examined a transcript containing certified copies of certain proceedings of the Board of Directors of the Issuer, and certain certificates and other documents of representatives of the Fort Bend County, Texas (the "County"), the Issuer, the Trustee, and of others. We have relied upon those certificates as to certain factual matters which we have not independently verified. We have also examined such portions of the Constitution and statutes of the State of Texas, and such applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), court decisions, regulations and published rulings of the Internal Revenue Service, as we have deemed necessary for the purposes of this opinion.

Reference is made to an opinion of even date of the County Attorney of the County with respect to, among other matters, the authority of the County to enter into and perform its obligations under the Joint Project Agreement and its authorization, execution, delivery, binding effect and enforceability by and upon the County.

Based on the foregoing, and subject to the matters set forth below, we are of the opinion that:

1. The Issuer is duly created and validly existing as a Texas nonprofit local government corporation acting on behalf of the County created pursuant to Chapter 431, Texas Transportation Code, and has the corporate power to adopt the Resolution, enter into and perform the obligations under the Indenture and the Joint Project Agreement, and issue the Bonds. The transcript of proceedings evidences complete

legal authority for the issuance of the Bonds in full compliance with the Constitution and the laws of the State of Texas presently effective.

2. The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective, the Indenture creates the valid pledge of and lien on the Trust Estate that the Indenture purports to create, subject only to the provisions of the Indenture permitting the application of the Trust Estate for the purpose and on the terms and conditions set forth in the Indenture and that therefore the Bonds are valid and legally binding obligations of the Issuer.

3. Taxable property within the County is subject to the levy of ad valorem taxes by the County, within the legal limit as to rate, to pay the Authority an amount equal to the principal and interest on the Bonds pursuant to the terms of the Joint Project Agreement dated as July 24, 2012 and the County Order.

4. The Indenture and Resolution have been duly authorized by the Issuer, have been duly executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer. By the terms of the Indenture, all of the Issuer's right, title and interest in and to the Revenue Fund and the amounts required from time to time to be deposited in or credited to the account of the Subordinate Lien Debt Service Fund and the Tax Fund created pursuant to the Indenture, together with any investments and reinvestments thereof, have been assigned to the Trustee.

5. The Bonds are limited obligations solely of the Issuer and are not general obligations of the Issuer, the State of Texas, Fort Bend County, or any other entity. The Issuer has no authority to levy taxes.

We have examined executed Bond numbered AG-1. In our opinion, the form of said Bond and its execution is regular and proper.

IT IS OUR FURTHER OPINION that:

1. Interest on the Bonds is excludable from gross income for federal income tax purposes under existing law.

2. Interest on the Bonds is not includable in the alternative minimum tax on individuals and corporations, except that interest on the Bonds will be included in the "adjusted current earnings" of a corporation (other than any S corporation, regulated investment company, REIT, REMIC or FASIT) for purposes of computing its alternative minimum tax liability.

In providing such opinions, we have relied on representations of the Issuer, the County, the Issuer's financial advisor, and the Underwriters with respect to matters solely within the knowledge of the Issuer, the County, the Issuer's financial advisor, and

the Underwriters which we have not independently verified, and have assumed continuing compliance with the covenants in the Indenture and Resolution pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. In the event that such representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income the date of their original delivery, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt or accrual of, interest on, or acquisition, ownership or disposition of, the Bonds.

Owners of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, property and casualty insurance and life insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits (including tax-exempt interest such as interest on the Bonds).

The opinions set forth above are based on existing law, which is subject to change. Such opinions further are based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures, the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted in the Resolutions not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

Allen Boone Humphries Robinson LLP

ALLEN BOONE HUMPHRIES ROBINSON LLP
ATTORNEYS AT LAW
PHOENIX TOWER
3200 SOUTHWEST FREEWAY
SUITE 2600
HOUSTON, TEXAS 77027
TEL (713) 860-6400
FAX (713) 860-6401
abhr.com

August 22, 2012

Bank of America/Merrill Lynch
(as Representative of the Underwriters
named in the Bond Purchase Agreement)
1221 McKinney St., Suite 3850
Houston, Texas 77010

Re: $155,085,000 Fort Bend Grand Parkway Toll Road Authority Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012 (the "*Bonds*")

Ladies and Gentlemen:

This opinion is being rendered pursuant to the Bond Purchase Agreement, dated July 24, 2012 (the "Bond Purchase Agreement"), between Bank of America/Merrill Lynch, as Representative of the Underwriters named in the Bond Purchase Agreement (the "Underwriters"), and Fort Bend Grand Parkway Toll Road Authority (the "Issuer") relating to the issuance, sale, and delivery by the Issuer to the Underwriters of the referenced bonds (collectively, the "Bonds"). Except as otherwise defined herein, the terms defined in the Bond Purchase Agreement are used in this opinion with the meanings assigned to them in the Bond Purchase Agreement.

We have acted as Bond Counsel to the Issuer in connection with the issuance, sale, and delivery of the Bonds to the Underwriters. In our capacity as Bond Counsel, we have examined a transcript of certain materials and proceedings pertaining to the Bonds, including certain certified and customary certificates, opinions, affidavits, and other documents executed by officers, agents, and representatives of the Issuer and others. In our capacity as Bond Counsel, we have also attended meetings of the Issuer and have participated in conferences from time to time with representatives of the Issuer, the Financial Advisor to the Issuer, the Underwriters, and Counsel to the Underwriters relative to the Preliminary Official Statement and the Official Statement.

In our examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents

submitted to us as certified or photostatic copies, and the authenticity of the originals of such latter documents.

Based upon the foregoing, we are of the opinion that, under applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

(i) the Bond Resolution, the Indenture and the Joint Project Agreement have been duly adopted by the Issuer and are in full force and effect;

(ii) the Bonds are exempted securities under section 3(a)(2) of the Securities Act of 1933, as amended (the "1933 Act"), and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act") and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the 1933 Act or to qualify the Bond Resolution under the Trust Indenture Act; and

(iii) except to the extent noted therein, such firm has not verified and is not passing upon, and does not assume any responsibility for, the accuracy, completeness or fairness of the statements contained in the Official Statement, but that said firm has reviewed the statements and information contained under the captions and subcaptions, "THE BONDS" (except "Book-Entry-Only System," as to which no opinion is expressed), "THE AUTHORITY," "THE GRAND PARKWAY SYSTEM," "SECURITY AND SOURCE OF PAYMENT," and "CONTINUING DISCLOSURE OF INFORMATION" (except for the information under the subcaption "Compliance With Prior Undertakings," as to which no opinion is expressed) and is of the opinion that the statements and information contained therein fairly and accurately reflect the provisions of the Resolution; "PLAN OF FINANCING—Purpose of the Bonds," "TAX MATTERS," "OTHER INFORMATION—Legal Investments and Eligibility to Secure Public Funds in Texas," "Registration and Qualification of Bonds for Sale," and "—Legal Matters" and such firm is of the opinion that the statements and information contained therein are correct as to matters of law.

In rendering this opinion, we have not represented any of the Underwriters nor rendered any advice to the Underwriters in connection with the Bond Purchase Agreement or the transactions contemplated thereby, other than that set forth herein; and we call to your attention the fact that our legal opinions and conclusions are an expression of professional judgment and not a guarantee of result. This opinion may not be relied upon by any other person or by you in any other context, without our

prior written consent. This opinion is not to be used, circulated, quoted, or otherwise referred to for any other purpose.

Yours very truly,

Allen Boone Humphries Robinson LLP

ANDREWS
ATTORNEYS KURTH LLP

600 Travis, Suite 4200
Houston, Texas 77002-3090
713.220.4200 Phone
713.220.4285 Fax
andrewskurth.com

August 22, 2012

Bank of America/Merrill Lynch, as Representative
Citigroup
Estrada Hinojosa & Company Inc.
Loop Capital Markets
Raymond James/Morgan Keegan
c/o Merrill Lynch, Pierce, Fenner & Smith Incorporated
1221 McKinney St., Suite 3850
Houston, Texas, 77010
Attention: Mr. Steve Claiborn

Re: Fort Bend Grand Parkway Toll Road Authority Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012 (the "Series 2012 Bonds")

Ladies and Gentlemen:

We have served as counsel to you, as the representative of the underwriters named above (collectively, the "Underwriters"), in connection with the issuance by the Fort Bend Grand Parkway Toll Road Authority (the "Authority") of the captioned Series 2012 Bonds. In that connection, we have reviewed (1) the Bond Resolution adopted by the Board of Directors (the "Board") of the Authority on July 24, 2012 (the "Resolution"), (2) the Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds Trust Indenture ("the "Master Trust Indenture") between the Authority and Wells Fargo Bank, N.A. (the "Trustee") dated as of July 1, 2012, and the First Supplemental Trust Indenture (the "Supplemental Indenture") between the Authority and the Trustee dated as of July 1, 2012 (as supplemented and amended, the "Trust Agreement"), (3) the Joint Project Agreement ("Joint Project Agreement"), dated as of July 24, 2012, between the Authority and Fort Bend County (the "County"), (4) the Preliminary Official Statement for the Series 2012 Bonds dated as of July 16, 2012 (the "Preliminary Official Statement"), and (5) the Official Statement for the Series 2012 Bonds dated as of July 24, 2012 (the "Official Statement"). The Resolution, the Trust Agreement and the Joint Project Agreement are referred to herein, collectively, as the "Authority Documents."

Based upon the foregoing, and having due regard for such legal considerations as we deem relevant, we are of the opinion that the Series 2012 Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and it is not necessary in connection with the issuance of the Series 2012 Bonds to the public to register the Series 2012 Bonds under the Securities Act of 1933, as amended, or to qualify the Series 2012 Bonds, the Authority Documents or any other instrument or document associated with the issuance of the Series 2012 Bonds under the Trust Indenture Act of 1939, as amended.

Because the primary purpose of our professional engagement was not to establish factual matters and because of the wholly or partially non-legal character of many determinations involved in the preparation of the Preliminary Official Statement and the Official Statement, we are not passing upon and do not assume any responsibility for the accuracy, completeness, or fairness of the statements contained

in the Preliminary Official Statement and the Official Statement, and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. At your request, we have participated as counsel to the Underwriters in conferences with officers and other representatives of the Board, the Authority and the County, the Authority's General Counsel, Bond Counsel and Disclosure Counsel, the Financial Advisor to the Authority and representatives of the Underwriters, at which conferences the contents of the Preliminary Official Statement and the Official Statement and related matters were discussed. Based on our participation in the above-mentioned conferences and in reliance thereon and on the certificates, opinions and other documents herein mentioned, we advise you that no facts have come to our attention that lead us to believe that the Preliminary Official Statement or the Official Statement (except as to any statistical or financial data included therein, forecasts, numbers, charts, estimates, assumptions or expressions of opinion, the Appendices or any information about the book-entry system or DTC or regarding any bond insurer or bond insurance or surety policy, as to which we are not called upon to express any opinion or belief) contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Also, it is our opinion that based upon (i) our review of Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule") and interpretive guidance published by the United States Securities and Exchange Commission relating thereto; (ii) our review of the respective continuing disclosure undertakings of the Authority and the County contained in the Authority Documents; and (iii) the inclusion in the Preliminary Official Statement and the Official Statement of a description of the specifics of such undertakings, and in reliance on the opinion of Bond Counsel that the Authority Documents have been duly adopted and are in full force and effect and the opinion of the County Attorney that, with respect to the County, the Joint Project Agreement has been duly adopted and is in full force and effect, such undertakings provide a suitable basis for you, as the Underwriters of the Series 2012 Bonds, and any other broker, dealer, or municipal securities dealer acting as a Participating Underwriter (as defined in the Rule) in connection with the issuance of the Series 2012 Bonds, to make a reasonable determination that the Authority and the Board have met the qualifications of paragraph (b)(5)(i) of the Rule.

The opinions expressed above are specifically limited to the laws of the State of Texas and of the United States of America.

The opinions expressed herein are for the sole benefit of you, and may only be relied upon by you in connection with the issuance of the Series 2012 Bonds. This opinion may be relied upon only by the addressees hereof and may not be used or relied upon by any other person for any purpose whatsoever without, in each instance, our prior written consent.

Andrews Kurth LLP

COUNTY ATTORNEY
Fort Bend County, Texas

ROY L. CORDES, JR.
County Attorney

(281) 341-4555
Fax (281) 341-4557

August 22, 2012

MERRILL LYNCH, PIERCE, FENNER & SMITH
(as Representative of the Underwriters
named in the Bond Purchase Agreement)
1221 McKinney St., Suite 3850
Houston, Texas 77010

Re: $155,085,000 Fort Bend Grand Parkway Toll Road Authority Limited Contract Tax and Subordinate Lien Toll Road Revenue Bonds, Series 2012 (the "*Bonds*")

Ladies and Gentlemen:

In my capacity as County Attorney, Fort Bend County, Texas, I have reviewed Fort Bend County Commissioners Court Order adopted on July 24, 2012 approving the Joint Project Agreement and authorizing the County Judge to execute and deliver the Joint Project Agreement. In addition, the July 24, 2012 Order provided for the levying, assessment and collection of a continuing direct annual ad valorem tax as provided in the Joint Project Agreement.

Based on the above referenced action of Commissioners Court on July 24, 2012, it is the opinion of this office that (i) the County's obligation under the Joint Project Agreement is payable from a direct ad valorem tax, within the limits prescribed by law, upon all taxable property of the County; and (ii) the Joint Project Agreement was duly authorized by the Commissioners Court of the County and is enforceable pursuant to its terms except as limited pursuant to customary bankruptcy exceptions.

The opinion set forth above is based on existing law, which is subject to change. Further, the opinion is based on our knowledge of facts as of the date hereof. This office assumes no duty to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective.

Sincerely,

Roy L. Cordes, Jr., County Attorney